





Saigon General Confident

# U.S. Bombing Said to Delay Tet Offensive in Highlands

(Continued from Page 1)

ing into the base area in the last two weeks. Gen. Dou said that the enemy had built roads and moved supplies into South Vietnam but had not yet moved troops across the border.

The general said the North Vietnamese could move troops into Kon Tum in 34 to 48 hours if they decided to attack.

The area is a vast wilderness of mountains covered by jungle. From the air many roads and paths leading in from the border are visible. U.S. officers say they have all been built in the last few weeks.

The South Vietnamese have

not begun any major infantry operations in this area, relying on small, long-range patrols and air strikes to keep the enemy off balance.

The expected offensive was also delayed, Gen. Dou said, because in several areas enemy sappers had been captured or killed while trying to infiltrate government towns.

Gen. Dou's opinion on the effectiveness of the U.S. bombing in hindering a North Vietnamese offensive is shared by many American officers in the highlands. But they also agree with him that eventually the enemy will begin major attacks in Kon Tum, since it is isolated and close to their base area.

## Fury of Attacks

SAIGON, Feb. 21.—The allied commands today reported a flurry of enemy attacks throughout South Vietnam. A South Vietnamese spokesman called the activity normal for the month.

The U.S. command reported half a dozen attacks, which left two U.S. soldiers dead and 10 wounded. A half dozen helicopters and a tank were destroyed or damaged in the attacks, which centered north of Saigon.

The South Vietnamese command reported 37 attacks against its forces, half of them by rockets and mortars. Thirty-nine South Vietnamese were reportedly killed and 85 wounded, with 113 enemy soldiers said to have been killed.

The Saigon command also reported that six civilians had been killed and 10 other persons wounded when a terrorist grenade exploded in a restaurant in the Mekong Delta, 55 miles southwest of Saigon.

Viet Cong troops reportedly set off a mine against government militia forces in a village office 13 miles south of Da Nang, killing 12 persons and wounding three.

## New Fighting at Angkor

PHNOM PENH, Feb. 21 (AP).—Heavy fighting continued today four miles east of the temples of Angkor even though the Cambodian commander there said that he had no intention of trying to seize the area.

The temples have been in Communist hands for the last 21 months.

# U.K. Miners Special Case, Unions Told

(Continued from Page 1)

took full page newspaper advertisements today urging the public to conserve electricity economies until the brunt of the crisis has passed.

Mr. Davies had already praised domestic consumers for their "splendid response."

The National Coal Board today commandeered every available truck, train and ship to rush stockpiled coal to the fuel-starved power stations.

Up to 80,000 tons was shifted over the weekend after miners' leaders accepted the recommended payoff early Saturday. The NCB said it hoped to move another 500,000 tons to generating plants across England and Wales by next weekend.

A Central Electricity Generating Board spokesman said power stations normally consume 1.5 million tons of coal a week, during the winter months but could get by on 900,000 tons while the power cuts last.

# Blast Kills 4 In Belfast

(Continued from Page 1)

large ammunition cache in a Catholic girls' school.

"We were acting on information received," he said.

Just before the troops arrived at the door of the school, three galleons were thrown at them.

"This may have been an attempt to decoy our troops from the school, but we did not investigate," he said.

In Londonderry meanwhile, an army spokesman said, troops pumped rifle fire into the spire of St. Eugene's Cathedral in the Catholic Bogside district during the night while battling snipers firing from there.

In Coleraine, 25 miles northeast of Londonderry, a British Defense Ministry spokesman said the conduct of troops in the Londonderry shootings of Jan. 30 on the opening day of a British government inquiry into the incident.

Counsel Brian Gibbons denied allegations by Catholic civil-rights leaders that troops opened fire at random on unarmed civilians when the soldiers moved in to disperse the parade in the defense of the Northern Ireland government's ban on all marches in the province.

Mr. Gibbons told the inquiry being conducted by Britain's Lord Chief Justice Widgery that the troops acted "responsibly and in a disciplined manner" during the Londonderry bloodshed.

Mr. Gibbons said the troops used "minimum force, did not fire indiscriminately, nor were they carrying out a policy of murder" in dispersing the marchers.

## WEATHER

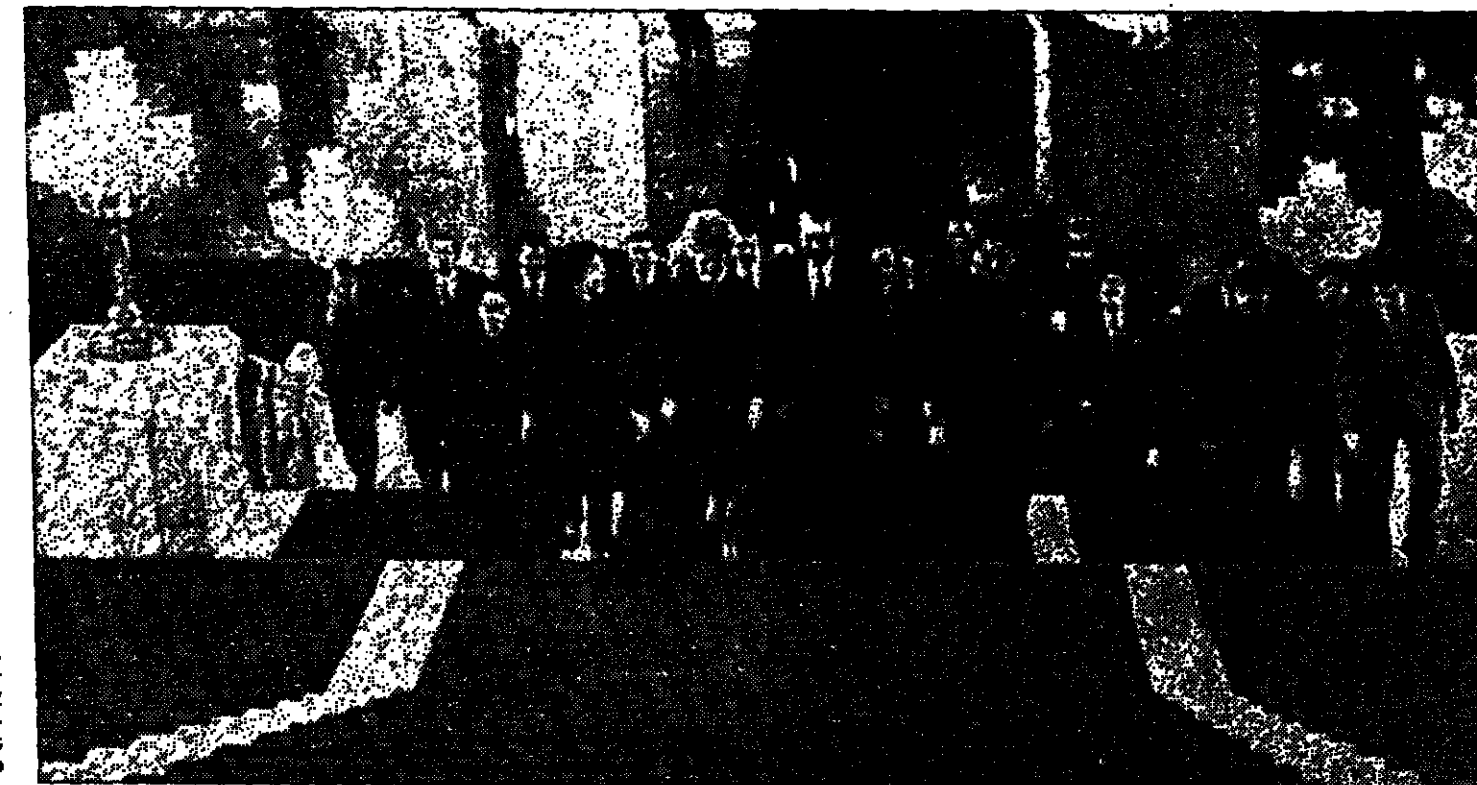
	C	F	
ALGIERE	12	54	Shower
AMSTERDAM	10	50	Overcast
ANKARA	26	79	Cloudy
ATHENS	13	55	Overcast
BEIRUT	13	55	Sunny
BELGRADE	9	48	Very cloudy
BERLIN	8	46	Cloudy
BIRMINGHAM	10	50	Overcast
BUDAPEST	4	39	Rain
CAIRO	20	68	Sunny
CASABLANCA	10	50	Very cloudy
COPENHAGEN	12	54	Overcast
COSTA DEL SOL	15	59	Very cloudy
DUBLIN	10	50	Cloudy
EDINBURGH	5	41	Rain
FIRING	14	57	Cloudy
FRANKFURT	10	50	Sunny
GENOVA	8	46	Sunny
HELMINKI	4	39	Very cloudy
ISTANBUL	10	50	Very cloudy
LA PALMA	14	57	Sunny
LONDON	12	54	Very cloudy
LISBON	4	39	Rain
MADRID	9	48	Partly cloudy
MILAN	1	34	Very cloudy
MONTREAL	-2	28	Partly cloudy
MOSCOW	0	32	Sunny
MUNICH	1	34	Overcast
NEW YORK	-7	19	Cloudy
NICE	10	50	Rain
OSLO	2	36	Overcast
PARIS	4	39	Rain
PRAGUE	4	39	Overcast
ROME	14	57	Very cloudy
SOFIA	5	41	Overcast
STOCKHOLM	5	41	Overcast
TALLINN	20	68	Partly cloudy
TUNIS	14	57	Very cloudy
VIENNA	17	63	Partly cloudy
WARSAW	7	45	Partly cloudy
WASHINGTON	2	36	Sunny
ZURICH	2	36	Overcast

(U.S. standard temperatures taken at 1700 GMT; others at 1200 GMT)

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FESTIVE OCCASION—Huge table, decorated and laden with food, faces President and Mrs. Nixon and Premier Chou En-lai, far side of table, at state dinner yesterday winding up the President's first day in China.



CLIMBING TOGETHER—Official party led by President and Mrs. Nixon and Premier Chou En-lai and followed by host of aides, climb staircase lighted by huge chandeliers yesterday on way to the state dinner.

# Nixon's First Day: Talk With Mao, Amity Toasts With Chou

(Continued from Page 1)

of most other domestic matters, had moved into orbit of their own.

By the time Mr. Nixon had spoken the magic word "friendship," at the end of his toast, everyone had learned the routine. Powerful spotlights encouraged the cameras forward and the table-hopping began as if on signal. The army band, which had already drawn applause for "Home on the Range" during the spongy bamboo shoots and egg-white consommé, now rendered an original and a sweet version of "America" that went on and on and on while the principals smiled, clinked, milled and sipped from tea to shining sea.

It was a particularly striking exercise for the men of the Nixon administration who had so long and earnestly deplored the diplomacy of mere "atmospheres."

(Mrs. Nixon, in a wine-red dress, stood demurely in her place during these commotions.) Each of the leading diners offered two or three dozen toasts during each round of wandering. They seemed to be consuming much more than the Mao Tse-tung Chinese sorghum-bass fire-water that was in their glasses. But bottle-bearers were close at hand and Mr. Kissinger, among others, was seen taking at least two refills.

It was a striking celebration also because it occurred only eight hours after a rather minimal welcome ceremony for the President in Beijing as if Chou and his colleagues provided an honor guard and a high-ranking welcoming committee of government leaders, but they allowed no suggestion of popular enthusiasm and only a few signs of public curiosity.

The presidential party was annoyed not so much by this wel-

come, it said, as by news and television accounts that portrayed the arrangements as modest. Its spokesman contended that nothing more had been expected. But the party was in fact intensely curious about the caliber of reception the Chinese would stage and was informed of the situation by radio from the airport only moments before the President's plane touched down in Peking.

Flexibility Stressed

Much of this visit had been elaborately planned with the advance parties camping here since

Feb. 1. But much also had been left entirely to the Chinese hosts, so that very little had actually been revealed about the quality of the reception. Moreover, the two governments had also agreed to keep their formal schedule of conversations deliberately flexible so that they might be moved or extended as the discussions warranted. In any case, high-level talks on short notice is part of the regular routine to which foreigners in Peking have long been accustomed.

Whatever irritations there were passed quickly when Mr. Nixon's hosts arranged for a festive change of schedule this afternoon and gave the President the relatively rare honor of an opening audience at Chairman Mao's home.

This was later described as a one-hour visit, from 3 to 4 p.m., involving a "serious and frank discussion." In Communist parlance this means a lot more than courteous chitchat, but it also means that the talk was punctuated by a fair amount of disagreement. And the President's spokesman refused to go beyond that formula to explain how the talk went.

Nor would the President's party give the location of Mr. Mao's home. But it is known to be a modest, one-story, yellow-roofed residence along the lakes in the old Imperial City, one of a group of palace buildings formerly occupied by court mandarins.

The President went with Mr. Kissinger, who arranged the sum-

mit conference in two visits here last year. Sitting with Mr. Mao were Premier Chou; Wang Hsiang-jung, the deputy director of protocol, and Tang Wen-shan, an interpreter. The White House gave no explanation for the absence of Mr. Rogers. It said it was fair to assume that tea was served.

Mr. Mao usually holds himself in reserve until well into the program of a distinguished visitor. The President had been planning on an audience and had expected it to turn to more philosophical talk than some of the concrete policy discussions with Mr. Chou. Although two top-level meetings are said to be on a fixed schedule, there is now distinct possibility that Mr. Nixon will meet with the chairman a second time, either here or at his vacation home in Hangchow.

The unexpected detour delayed the first Nixon-Chou conference for 90 minutes, until 6 p.m., and delayed the banquet by a half hour, to 7:30. But the conference was largely an opening formally anyway, for pleasure-taking and introduction of the two delegations.

The President and the premier are to meet in a small group tomorrow afternoon while Secretary Rogers and others meet separately with their counterparts. Heads of bulbs lit up the tiled roof of the Imperial Hall of the People this evening to signal the celebration inside. Mr. Chou had invited the entire American press corps and the airline crews and other technicians traveling with the President. From the Chi-

nese side came their hosts and interpreters and many scholars and journalists, military officers, and other distinguished citizens, most of whom appeared to have some professional interest in American affairs.

At the airport, there were no invitations for members of the diplomatic corps. This was to emphasize the "bilateral" and unusual nature of an affair of state between two governments that do not have diplomatic relations.

Peking's Distinction

By drawing his subtle distinctions between the U.S. government and the American people, Mr. Chou carefully held to this formula. The casual and obvious purpose of his remarks for Chinese ears was to suggest that popular pressures are forcing changes in American policy and that China can encourage the process by meeting with Mr. Nixon without in any way betraying its claims of struggle against American "imperialism."

Mr. Nixon, by contrast, offered a much looser statement. He himself observed that "more people are seeing and hearing what we say than on any other such occasion in the whole history of the world" and thus he spoke not only to his hosts but to the vast audience beyond—perhaps principally to that audience.

He spoke about his daughter's birthday, about his hopes of peace and his vision of a new world. And the Mao quotation that he tucked to the end of his toast was actually from a revolutionary call to arms through which the venerable chairman predicted the tumultuous great proletarian Cultural Revolution eight years ago.

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# Mrs. Gandhi Voices Warning On Any Decisions at Peking

NEW DELHI, Feb. 21 (Reuters).—Prime Minister Indira Gandhi declared today that India would not accept any decision taken at the current talks between President Nixon and Chinese leaders that would dictate terms to Asian countries.

Mrs. Gandhi told a public meeting here that "if the meetings between the American and Chinese leaders are meant to forge friendship," they are welcome.

"But apprehensions are being expressed that the talks are meant to forge some sort of a new power group. If it is so, India, though a small nation, will not be bound by any such decision which seeks to dictate terms to Asian countries."

At the same time, Mrs. Gandhi ridiculed what she called a view that the Nixon-Chou En-lai meeting was a threat to India.

She said India had welcomed talks. "Despite the indifferent attitude of China toward us in the past, India always worked for its admission to the United Nations."

"We warmly welcome attempts at forging friendly relations among countries. But, at the same time, we consider as medieval and outdated the talk of balances of power and spheres of influence."

Mrs. Gandhi warned that if new power groups and treaties were to come about as a result of these meetings, "present tensions in the world will not in any way lessen."

She also referred to North Vietnam, saying that the spirit and courage with which the Vietnamese had withstood onslaughts from a powerful nation entitled them to praise and admiration.

Hanoi Reaffirms Struggle

HONG KONG, Feb. 21 (Reuters).—The North Vietnamese press marked President Nixon's arrival in Peking today with a reaffirmation of the country's determination to struggle until final victory.

The North Vietnamese News Agency began today's transmission by citing Soviet criticism of President Nixon's eight-point peace plan for Indochina, described as a trick to mislead the peoples of the world.

The Hanoi daily newspaper Nhan Dan, in a front-page article, urged the nation to carry on the fight until final victory.

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It also reported the latest Viet Cong attacks in South Vietnam, and published photographs of five recently captured American pilots.

North Korea's leading newspaper, Rodong Sinmun, said of Mr. Nixon: "He is a rascal who is the first to make a mendacious trip with a white flag in one hand and with a beggar's bowl in the other." It also described him as "a drowning person shaking his fist" at North Korea.

Bunker Sees Thrice

SAIGON, Feb. 21 (AP).—Ambassador Ellsworth Bunker met with President Nguyen Van Thieu for 30 minutes today for talks believed to have dealt in part with Mr. Nixon's trip to China.

South Vietnamese newspapers, meanwhile, gave top billing to Mr. Nixon's visit and one paper quoted Mr. Thieu as saying the event would have no impact on the political situation here.

The Buddhist paper Cong Luan quoted Mr. Thieu as saying that the most that would result from Mr. Nixon's Peking visit would be a joint communiqué with Chairman Mao Tse-tung expressing "ordinary courtesies."

For results, Mr. Thieu was reported to have said, it will be necessary to wait until after Mr. Nixon's visit to Moscow in May because of the Soviet Union's close involvement with North Vietnam.

There was no official comment from Mr. Thieu or the South Vietnamese Foreign Ministry on Mr. Nixon's trip.

# Soviet Press Plays Down Nixon Visit

MOSCOW, Feb. 21 (Reuters).—The importance of President Nixon's visit to Peking would escape all but the most careful readers of the Soviet press today.

The report on the trip was given no more space than the U.S. Communist party congress, and both were on an inside page of the government newspaper Izvestia.

The only direct commentary came from Moscow Radio, which broadcast the visit as part of a Washington-Peking deal to split the world Communist movement.

The selection of items in the press made it clear to the careful reader that Moscow was extremely worried about the visit and its possible effect on the Indo-China situation.

Pravda, the Communist party paper, and Izvestia confined themselves to comments from foreign Communist sources, all of which condemned Mr. Nixon's visit to China.

Izvestia quoted the French party daily L'Humanite as saying that closer ties between Peking and Washington could have "the most harmful consequences" for the peoples of Indochina.

The comment was repeated on Moscow television at 7 p.m. news, accompanied by a brief Tass report that Mr. Nixon and Mao Tse-tung had met. It was the last item before the sports news.

Later Moscow television showed a 30-second film of the President arriving at Peking airport and being greeted by Premier Chou En-lai.

Though the visit is being given minimal publicity in the press here, now that the President is in Peking, it has been preceded by a barrage of attacks on both Chinese and American policies.

# Cuba Uses Swastika For 'X' in Nixon

HAVANA, Feb. 21 (Reuters).—The official Cuban daily Granma carried a front-page report with comment on the arrival of President Nixon in Peking.

As always, the letter "X" of President Nixon's name was written with a swastika.

## Nixon's Remarks

PEKING, Feb. 21 (AP).—Here is the text of President Nixon's remarks in response to Premier Chou En-lai tonight:

I wish to thank you for the incomparable hospitality for which the Chinese people are justly famous. I particularly want to pay tribute not only to those who prepared the magnificent dinner, but also to those who have provided the splendid music I hear. I have never heard American music played better in a foreign land.

Mr. Prime Minister, I wish to thank you for your gracious and eloquent remarks.

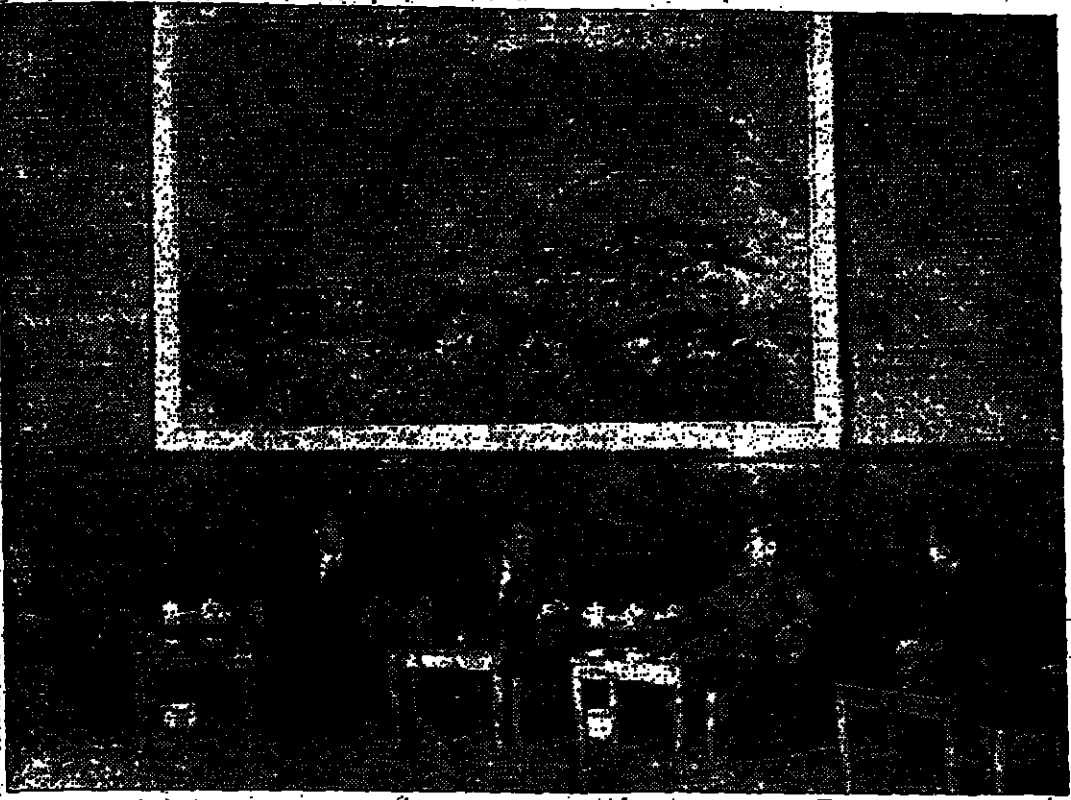
At this very moment, through the wonder of telecommunications, more people are seeing and hearing what we say than on any other such occasion in the whole history of the world. What we say here will not be long remembered. What we do here can change the world.

As you said in your toast, the Chinese people are a great people. The American people are a

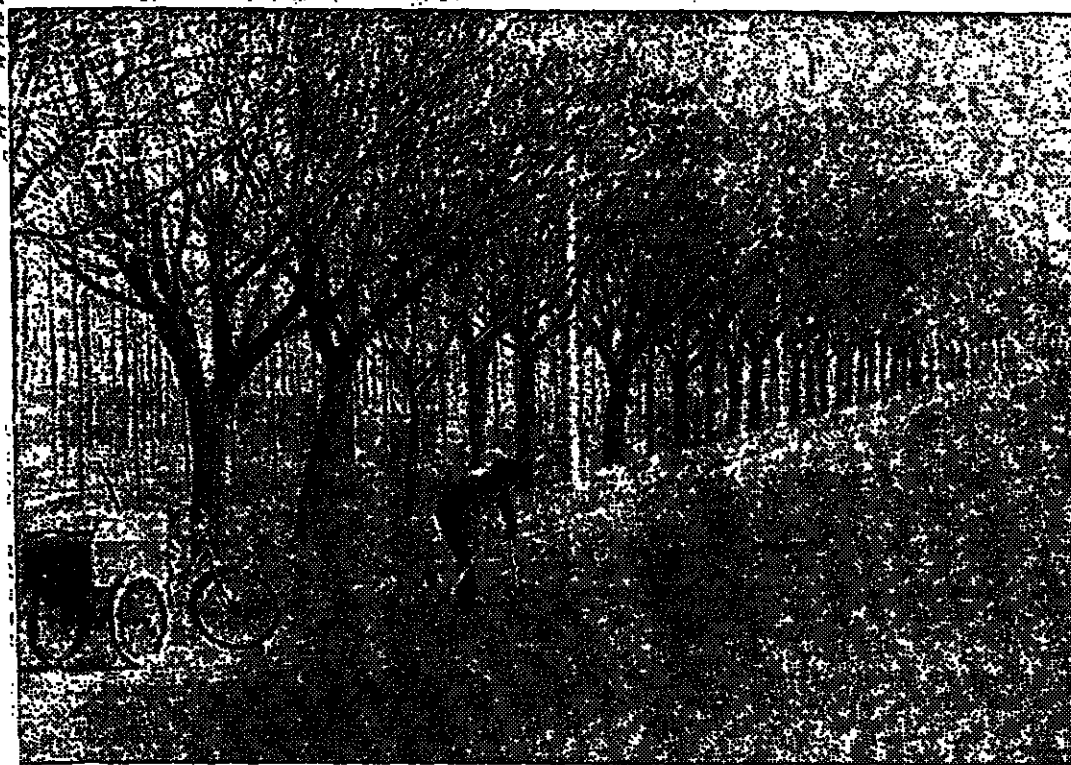
great people. If our two peoples are enemies, the future of the world we share together is dark indeed. But if in the future we can find common ground to work together, the prospects for world peace are immeasurably increased.

In the spirit of frankness I hope will characterize our talks this week, let us recognize these points. We have had great differences at times in the past. We have great differences today. What brings us together is that we have common interests which transcend





PICTURE SETTING—President Nixon and Premier Chou En-lai sitting with advisers under huge painting in the Great Hall of the People where first meetings took place yesterday. From left: Dr. Henry Kissinger, Secretary of State William Rogers, President Nixon, Premier Chou and an unidentified Chinese adviser.



CLEAN SWEEP—Sweeper with dust bin cleans empty, tree-lined road leading from Peking airport to the city proper just prior to arrival of President Nixon.

## Nixon's Trip Is Condemned By Taiwanese

TAIPEI, Feb. 21 (NYT).—Taiwan's National Assembly, at its first order of business at the initial working meeting of its current session, passed by acclamation a resolution condemning President Nixon's trip to the China mainland.

"Not only will it fail to contribute to world peace but it will make free-world countries lose their faith in the United States," the statement said.

The assembly also declared that the Chinese Communists were an "illegal rebel group" with "no right whatsoever to represent the people on the mainland" and maintained that Nationalist China would never change its "basic national policy" of recovering the mainland. "Under no circumstances at any time," the assembly said, "will there be room for negotiation or compromise."

Passed to Embassy  
The resolution was forwarded to the Ministry of Foreign Affairs for presentation to the U.S. Embassy.

The 1,574-member National Assembly convenes once every six years, primarily to elect the country's president and revise the constitution. The current session opened yesterday with an address by President Chiang Kai-shek.

Taiwan newspapers carried brief wire-service reports today of President Nixon's arrival on the mainland. Government spokesmen have said that the press will carry all the "hard news" generated by the trip but will not publish feature or "color" stories that tend to glorify conditions in Communist China.

## India Army Chief To Visit Moscow

NEW DELHI, Feb. 21 (Reuters).—Gen. Sam Manekshaw, chief of the Indian Army, will leave for Moscow Wednesday at the start of a working visit to the Soviet Union and Britain.

An announcement here said the general, 57, was going to Moscow at the invitation of the Soviet government. On Wednesday he will go on to London, the announcement said.

Although this will be his first visit to Russia since the signing of the Indo-Soviet friendship treaty last August, no great significance is attached here to the short trip. But India's needs, in repairing damage to its military machine in December's war with Pakistan, are expected to be discussed in Moscow.



PEOPLE'S ARMY—Some of the Chinese soldiers who were reviewed by President Nixon at the Peking airport.



FLAG RAISING—U.S. flag is hoisted on pole at Peking airport yesterday by Chinese soldier near a giant portrait of Chairman Mao Tse-tung just before the arrival of President Nixon for his historic visit.

## Nixon Signs Bill to Outlaw Dock Strike

He Acts in Peking; Walkout Already Over

WASHINGTON, Feb. 21 (Reuters).—President Nixon today signed in Peking legislation imposing arbitration on a dock strike on the West Coast of the United States.

From the traveling White House 10,000 miles away in Peking, he urged U.S. congressmen to approve legislation that would prevent similar strikes in the future.

The legislation he signed was not needed, because the strike ended during the weekend. But the White House here said the President's signature was symbolic, to show he welcomed the end of the 125-day stoppage involving 15,000 workers, the largest dock strike in U.S. history.

Labor Secretary James Hodgson told reporters he was in contact with the White House in Peking earlier today, shortly after Mr. Nixon and his party returned from an evening banquet. He spoke by telephone to presidential Press Secretary Ron Ziegler and to H.R. Haldeman, White House adviser on domestic affairs.

"They were gratified by the end of the strike and buoyed by the festivities (in Peking)," Mr. Hodgson said.

A Return to Work  
SAN FRANCISCO, Feb. 21 (AP).—West Coast longshoremen were returning to work in force today after overwhelming ratification of a new contract ending their 124-day strike, longest in American mainland shipping history.

A spokesman for the employers' Pacific Maritime Association said 57 crews were to work in San Francisco Bay ports. Seattle reported 17 gangs made up for today, with 10 more for the night shift.

In Portland, Local 8 of the International Longshoremen's and Warehousemen's Union said 800 men would be at work today.

In Los Angeles, a thousand dock workers were expected to begin handling 32 ships waiting to be unloaded.

71% Approval  
The contract with the PMA was approved late Saturday in a coastwide ballot that rolled up a 71 percent approval vote. The ILWU announced.

The PMA's 122 shipping and stevedoring firm members also voted Saturday afternoon to ratify the 18-month contract, subject to arbitration of the so-called "steady man" question.

The shippers want to keep the same crews working steadily on machinery which requires extensive training to operate. The union prefers to rotate all jobs to spread work among a membership which for the last decade has seen more and more jobs absorbed by automated and increasingly sophisticated equipment.

## AFL-CIO Urges U.S. to Finance Radios to East

MIAMI BEACH, Feb. 21 (UPI).—Top labor leaders joined President Nixon today in urging Congress to continue financing of Radio Free Europe and Radio Liberty.

"The closing of these vital communications with the captive peoples of the Soviet Union and Eastern Europe will be a clear sign of U.S. capitulation in the war to bring truth and courage to countless millions behind the Iron Curtain," the AFL-CIO executive council said in a statement.

Government subsidies for the two privately run radio systems will run out tomorrow unless Congress votes an extension of funds, and officials have indicated RFE and Radio Liberty will have to be shut down since private financing does not provide enough funds. The government, through the Central Intelligence Agency, has been supplying \$36 million annually to them.

Chairman J. W. Fulbright, D. Ark., of the Senate Foreign Relations Committee, has urged that government financing be halted, and the two stations be closed as a "relic" of the cold war. The Nixon administration has urged continued financing.

The Senate passed a bill to continue financing of the stations for one year through the secretary of state, rather than the CIA, while the House approved a bill backed by the administration to provide funds for two years. Only one meeting has been held between House and Senate conferees to iron out differences in the two bills, and no further meetings have been scheduled before financing expires tomorrow.

## 16 Die in Venezuela As Jet Hits a Slum

BARQUISIMETO, Venezuela, Feb. 21 (Reuters).—At least 16 people were killed and more than 20 injured today when a Venezuelan Air Force F-80 jet fighter crashed into a shanty town on the outskirts of this northwestern Venezuelan city and burst into flames, an air force spokesman said.

Firemen fighting the flames which swept through the shanty town expect to find more victims when the fire is extinguished. The plane's pilot was seriously injured, the spokesman said.



NOT STUFF—Demonstrating the dangerous inadequacies of present standards set by the flammable fabrics act, lawyer Herman Glaser shows a House Commerce subcommittee recently how a match put to an ordinary size 8 girl's nightgown causes it to burst instantly into flames. House subcommittee is at present holding hearings on consumer safety legislation.

## As Government Opens Case

## Berrigan Dismisses Lawyers In Bid to Speak at His Trial

HARRISBURG, Pa., Feb. 21 (Reuters).—The Rev. Philip Berrigan today dismissed his lawyers, including former U.S. Attorney General Ramsey Clark, after Judge Dixon Herman denied his request to make an opening statement in his conspiracy trial here.

Father Berrigan, accused of conspiring to blow up federal buildings in Washington and to kidnap presidential adviser Henry A. Kissinger, dismissed Mr. Clark and two other lawyers, the Rev. William Cunningham and Terry Lenner, "regretfully and with great pain," his co-defendant Eghal Ahmed said.

Mr. Ahmed explained that Father Berrigan's action stemmed from his belief that he would be allowed to make an opening statement only if he represented himself at the trial.

Without Counsel  
"At this point, Berrigan considers himself without counsel... and what the judge will do now, we don't know," Mr. Ahmed said.

A Pakistani Muslim formerly on the faculty of the Adlai Stevenson Institute, of the University of Chicago, Mr. Ahmed also said that the defense sought a mistrial because of its contention that the jury was prejudiced and had violated the "judge's own orders" not to discuss the case.

The government opened the trial today by charging that Father Berrigan and his six co-defendants had planned a series of "illegal destructive acts."

The chief prosecutor, William S. Lynch, said these alleged acts stemmed from their "very strong opposition" to the Vietnam war, he continued.

"If dissent against the war had taken the course of peaceful protest, we could not be here," Mr. Lynch, a deputy assistant U.S. attorney general, told the jury of nine women and three men, plus six alternates.

The four previous weeks of the trial were confined to jury selection.

Mr. Lynch argued, however, that the case concerned only criminal charges: conspiring against the United States by planning to kidnap Mr. Kissinger.

## U.S. Firms Urged By Clerics to Quit Southern Africa

WASHINGTON, Feb. 21 (UPI).—A 15-member ecumenical team of churchmen who visited South Africa last year has concluded that U.S. corporations should disengage from southern Africa.

"Most of us believe that American corporations should totally disengage from southern Africa; that the presence of American corporations in which we are shareholders undergirds the system of racism, colonialism and apartheid which prevails in southern Africa," the churchmen said in a report on their visit.

A minority of the panel, however, said they believe that "if American corporations adopted vigorous new policies they might, over a period of many years, make a contribution to improving the lot of the 'nonwhite' worker."

## In School-Integration Dispute

## Nixon Overrides Some Aides, Leans to Busing Amendment

By Robert B. Semple Jr.

WASHINGTON, Feb. 21 (NYT).—Despite the misgivings of some of his staff and cabinet officers, President Nixon remains "very strongly interested" in a constitutional amendment to halt busing aimed at achieving racial balance in the schools.

A senior White House official said in an interview that several influential members of the White House staff supported such an amendment while not foreclosing other means of responding to the busing issue—regarded as a constitutional amendment as a "live" option in his search for some way of slowing the courts, protecting his political flank and defusing what he feels is a dangerous and divisive public issue.

Accordingly, the official said, a proposed constitutional amendment will be included in the busing-issue "option papers" presented to Mr. Nixon for decision after his China trip.

Agnew, Richardson  
In statements last week that were taken to reflect White House attitudes, Vice-President Agnew and Health, Education and Welfare Secretary Elliot Richardson both expressed doubts about the wisdom of a constitutional amendment. But the official said these statements do not reflect Mr. Nixon's present thoughts.

Shortly before he left for Peking, the aide said, Mr. Nixon was told by his advisers that in two days of effort they had been able to construct an amendment which, they felt, would effectively restrain the courts from ordering busing in the future without at the same time repudiating other constitutional guarantees and rolling back 17 years of desegregation already achieved.

Yet they also told him that the amendment, as written, was extraordinarily cumbersome and "almost as long as the Constitution itself," Mr. Nixon said he understood the difficulties but asked them to shorten it.

The President's interest in such an amendment stems from several considerations, but the overriding reason appears to be one of politics and timing. While a lesser response—such as a presidential statement or speech—might enable him to ride out the present busing controversy, it will do nothing to prevent what he fears could be a major national uproar when schools open next September, barely two months before the election, under court orders requiring considerable busing.

Crisis Averted  
A constitutional amendment, he is said to feel, would prevent such a crisis if approved by Congress and the states. If the amendment fails to win approval, Mr. Nixon can at least claim to have made his best efforts.

Mr. Nixon's aides insist that he realizes that the busing issue is only one part of the larger ques-

## 3 Climbers Die in Wales

CAERNARFON, Wales, Feb. 21 (Reuters).—Three teen-age British boys were killed yesterday when they fell about 400 feet during a climbing expedition on Mount Snowdon near here. The boys, part of an expedition from a London school, fell in icy conditions near the summit of the 3,500-foot mountain. They were identified as John Twyford, 15, Christopher Burn, 14, and Michael Wicks, about 14.

## Narrow Escape From Iowa Jail

ROCKWELL CITY, Iowa, Feb. 21 (AP).—An inmate of the local jail escaped by stripping naked, dousing himself with soapy water and squirming through an 8-inch-by-13-inch (20 by 33 centimeter) slot in a steel door.

The slot is used to pass food to the prisoners.

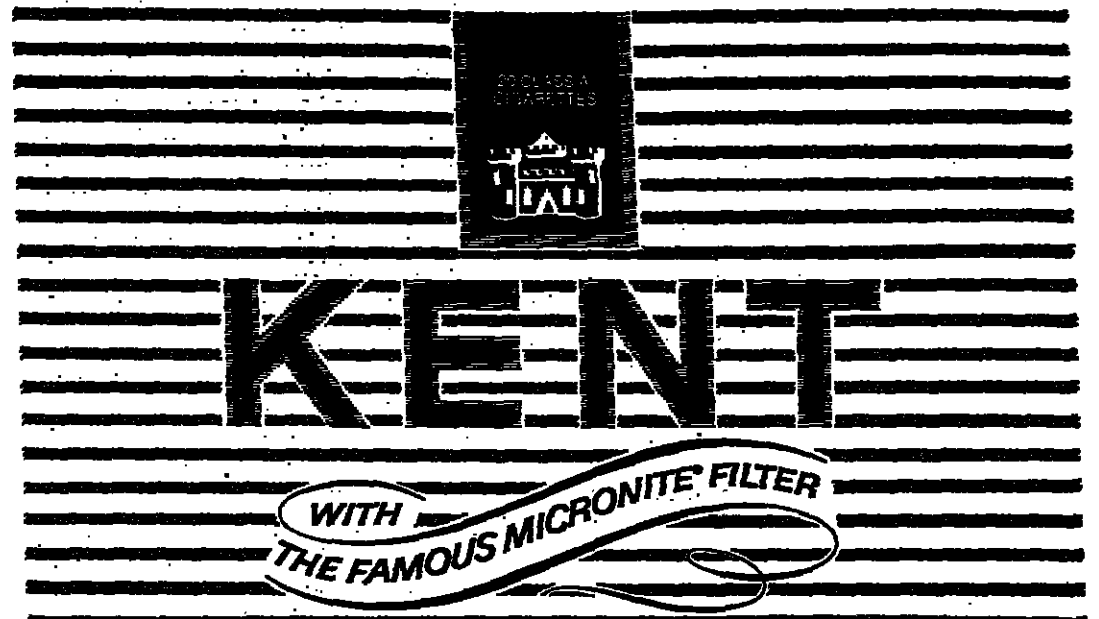
"When we installed this thing, the steel door, I didn't think any man could possibly get through it," Sheriff Leroy Morgan said. The sheriff was away at the time.

He said William Tannenhill, 5-foot-9 and 160-pounds, was being held in lieu of \$2,500 bond on a charge of auto theft. The sheriff said Tannenhill escaped once before in 1964. That time he saved his way out.

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## The Two-Way Street

Americans in their capital yesterday morning, crunching their breakfast toast, could watch and hear their President exchanging a different kind of toast in Peking, half the world away. The toasts of Richard Nixon and Chou En-lai would be masticated by all the China-watchers, all the world's students and practitioners of geopolitics. There would be grave debate about the exact meaning of the carefully modulated reception accorded the President of the United States at Peking's airport and in the streets of the heart of the People's Republic of China; the fact that Mr. Nixon was there at all would be accorded its proper importance.

But there was another fact that cannot be overlooked: the instant perception by much of the world on the TV screen of how the American President looked as he descended from his jet, how the Chinese premier grasped his hand; the expressions on the faces of the receiving dignitaries—and the expressionless lines of troops (who could give the Brigade of Guards lessons in precision) while the band played the anthems of two great nations.

To be sure, the world has seen the impossible on television—men walking on the moon. As against that, an American President walking on Chinese soil is merely highly improbable. But China is not a dead satellite; it is the home of 700 million people, engaged in a great social and political experiment. It is a vital segment of humanity and one which must be better known by its neighbors—and which must know its neighbors better.

Much has been made of the attempt by American diplomats and newsmen to cram up on Chinese history and present politics—with the implicit, or explicit, reproach that the United States has willfully barred its citizens from knowledge of China during the past twenty-two years. The fact that the same process takes place in less publicized

fashion when diplomats and newsmen go almost anywhere in the world is overlooked; so, too, is the even more important fact that China, except for a handful of specialists, knows far less about the United States than America knows about China. Indeed, it is probable that China knows less about China than America does.

It is perhaps only a minor footnote to history that today marks the anniversary of the sailing, 186 years ago, of the first ship to carry the American flag (and American goods) to China. It took the Empress of China six months to span the seas between New York and Canton (the return took only 134 days; the Empress was fast for her day) and there was no television to mark the suspicious reception of Captain John Green by Chinese officialdom; only the 25 percent profit on the voyage of nearly 13 months engaged the attention of the merchants.

Whether Mr. Nixon's visit will be as profitable in terms of diplomatic accomplishment cannot yet be foretold. But China has become visible, not only to the United States but to the rest of the earth in a manner that was not true before the Nixon visit. Hong Kong, for example, just across the hills from the People's Republic of China, saw its first live broadcast from the mainland nation in consequence of the U.S. technology that preceded the President.

One may hope for much more, for two-way communication, for a vision of the world that goes beyond the Little Red Book of Mao's thought penetrating China, as well as a truer and more vivid picture of China reaching outward. Politically, it is devoutly to be wished that the spirit of the toasts exchanged yesterday morning may come to reality: That the United States and China may be friends despite differences. But it is equally to be desired that the peoples of both countries may come to learn just what those differences really are.

## Saving Free Voices

For a generation now, Radio Free Europe and Radio Liberty have contributed enormously to enlarging the market place of ideas in Eastern Europe and the Soviet Union. Their transmissions have made available to those countries factual news of the outside world that the governments involved would have preferred their subjects did not know. In addition, these stations have broadcast the writings of such dissidents as Nobel prize-winner Alexander I. Solzhenitsyn, whose masterly novels and stories are typified in the Soviet bloc. A Library of Congress study of these stations, made at the request of the Senate Foreign Relations Committee, has paid high tribute to these organizations' contributions toward liberalization of the Soviet world.

But now both these stations are threatened with extinction today unless House and Senate conferees end a congressional stalemate. This situation arose because each chamber voted a different bill authorizing the continuation of these broadcasts.

If the deadlock kills Radio Free Europe

and Radio Liberty, the chief gainers will be the Soviet bloc's hardliners who hate the two radio stations as allies of the liberal and progressive elements in the Communist world. Moreover, the demise of these broadcasts because of the inability of House and Senate conferees to agree would hardly project a flattering view of the American legislative system, nor would it add to American prestige for Europeans to see an important political question decided by a mere technical stratagem.

We believe the work of these two stations has a lasting validity and importance, but even those of a different view must realize that the existence of these organizations provides potential bargaining counters for President Nixon's Moscow visit next May. At the least, all concerned should be able to agree that a final decision on the future of Radio Free Europe and Radio Liberty cannot be made until Mr. Nixon has returned from the Kremlin and Congress can take a hard look at the post-Moscow situation of American foreign policy.

THE NEW YORK TIMES.

## International Opinion

### Nixon's Peking Visit

The Peking visit is as important in opening a new phase in international relations as was the Soviet-Western thaw after Stalin's death. As was the case with Russia, the new phase with China may take years to develop and will have periods of regression as well as advance. But it is reasonable to suppose that Mr. Nixon's visit marks decisively the beginning of a movement in Chinese-American relations away from ideological absolutes toward more pragmatic power diplomacy, from dogma toward dialogue, from the irreconcilable to the negotiable or, at least, to the manageable.

President Nixon's visit to China is an overdue recognition of international realities and opens the door to a more manageable future. But his summit meeting in Moscow will have more practical importance in ensuring that the world will have a future at all.

—From the Observer (London).

This will have important consequences for the future of Japan. The President's visit virtually means establishment of diplomatic ties. Sino-American relations will change from confrontation to dialogue. This will contribute much to the easing of tensions in Asia.

It is considered certain that agreement will be reached on exchange of newspapermen, athletes, doctors, engineers and cultural

personages. Expansion of trade and establishment of a hot line between Washington and Peking will also be agreed upon. Agreements of this kind should not surprise us.

The question is whether any agreement of a qualitatively higher nature will result in, for instance, establishment of air routes, American loans for exploitation of natural resources in China, technical aid, exchanges of governmental missions, or a visit by Chou En-lai to the United States. This kind of agreement would mean all but normalization of relations, which will place the United States ahead of this country in improving ties with China. That will certainly be a shock to our government.

On the question of Taiwan, there will be no agreement so long as the United States sticks to its commitment to the Kuomintang regime. China will surely point out the danger of a revival of Japanese militarism and ask the cooperation of the United States in preventing it. How will Nixon deal with this? The U.S. administration is believed to be of the opinion that the U.S.-Japan mutual security setup is necessary not only for peace and security in the Far East but also to prevent a revival of Japanese militarism.

If Nixon were to come out in defense of the U.S.-Japan security treaty from this standpoint, this would have an undesirable effect on U.S.-Japanese relations.

—From Mainichi Shimbun (Tokyo).

## In the International Edition

### Seventy-Five Years Ago

February 22, 1897

PARIS—Our Havana correspondent sends by commercial cable a despatch in which he declares that General Lee has asked for a United States warship to be sent to Cuba and intimates that he will resign if his efforts to secure the release of Americans in Cuba are not backed up by the administration in Washington. At any rate, things are evidently approaching a climax in Cuba, as far as its relations with the United States are concerned.

### Fifty Years Ago

February 22, 1922

BERLIN—The government is introducing a drastic bill for the prevention of the spread of venereal disease. The new measure would give the health authorities the right to compel sufferers to undergo treatment. Persons found spreading the disease and persons who conceal the fact that they are sufferers and marry, are liable to a very heavy fine and up to three years' imprisonment. The situation has become alarming. The government is right.



"The Only Line I Could Come Up With for Our Client Was 'Throw the Rascal In.'"

## Nixon's Arrival in Peking: 2 Views

By William F. Buckley

PEKING.—In the summer of 1968 my brother was running, prematurely, for the Senate, and the organization put together an arrival-motorscade picnic. It became legendary, the subject of continuing amusement so that in New York Conservative party circles one has only to refer to the "Rochester picnic" to summon forth great visions of human emptiness.

There were more people at the Rochester picnic-motorscade than there were here in Peking to greet President Richard Nixon at what he had classified as the most important summit meeting of the century. Was he surprised? The press are speculating on the subject.

One of them reports having heard a Secret Service representative, talking by radio to Air Force One, saying "Roger, no crowds." If that is so, Nixon's warning of the forthcoming fiasco came about five minutes before he landed. He went through the gamut ritual with the kind of smile you wear on your face when you congratulate the man who beat you in the election. And as they stood there at attention during the playing of the two national anthems, they looked—Mr. and Mrs. Nixon, Chou En-lai, William Ro-

gers, Henry Kissinger, the lot of them—like wax figures in Tuscan's Museum, and one experienced a sense of surprise that, the music over, they should have come to life—to march on bravely in the silence, no music, no applause, no bustle, no crowd-wool, to review the honor guard, there to do its tedious bit.

### No Traffic Halts

The motorscade swung dutifully, 50 minutes to the heart of Peking. The only crowds were toward the end, in the thick of the city. And these weren't Chinese going to see the President of the United States, but Chinese en route at lunchtime from one side of the avenue to the other, stopped by police, until the processions went by. That would appear to

have been the single concession of the government of the People's Republic of China: They did not make President Nixon stop for red lights. They looked about at the press table, one correspondent reflecting on the humiliations recent public reception given to Hsiao Bole, remarked that well, after all, the Ethiopian government is older than the American government.

A second wondered whether the Western press hadn't underestimated the success of the cultural revolution. "Maybe the Chinese we saw are all there are left." But through it, Chou En-lai's shirt had penetrated. There was wounded pride in the air. From the point of view of the Chinese Communists, it was a masterpiece. Throughout, we have positioned ourselves as the supplicants; they are the presence which, hearing the "knock on the door"—Chou En-lai's words—permitted the visitor an audience.

As late as early Monday morning, an American Nixon was telling the press, as he sat out from Guan, that the scheduled sessions with Chou were for two hours, but that he would be willing to protract those sessions—"I am willing to participate in the talks as long as our hosts want to."

Everyone knows that in a totalitarian country, the size of a crowd tends to be the decision of the mastermind. But Richard Nixon has seen crowds reach up, pleading the screen of official impassivity, to touch his hand. It was so in Poland in 1969 when he was vice-president, and hundreds of thousands of Poles, shaking off the official phill, cheered and cheered and cheered. In Peking, to judge from appearances, it isn't so much that the people are hostile to Nixon as that they are supremely indifferent to him. Remember, we are here among a people who have not yet been informed that an astronaut walked on the moon in 1970. Nixon is the leader of the imperialist forces, the President of the country without whose protection the Red Chinese would bloody re-appear Formosa.

Even about hobnobbing, there is curiosity. Biting is a good draw. But—again, to judge from appearances—Chou did not need to keep them away. There were no crowds at the airport, no sign of buses stopped or re-routed. The public point was made: Nixon wanted to see Chou, came here under official surveillance, and received a greeting far less enthusiastic than would have been given to Albania, than was recently given to Romania. Now to work.

### 'Poor Mr. Nixon'

Meanwhile, poor Mr. Nixon. His staff bravely advertises his foreknowledge of the reception but he will be saddled with something like that haunting picture that followed President Harry Truman around for a while in 1948. It was in Omaha, in the spring, and there was the President to deliver a speech in a massive auditorium with perhaps 120 people in it.

It was a real show-stopper here this morning. There cannot have been more people at the airport than were coincidentally there when Henry Kissinger arrived anonymously last July. It was an end to the spectacular, a drastic historical compression of what happened when Woodrow Wilson went to Paris in 1919, arriving like Napoleon, and leaving months later utterly unnoticed.

I am glad it happened. Glad, paradoxically, for Nixon's sake, for our sake. Nations shouldn't be numerous, or force-fed by crowds.

The International Herald Tribune welcomes letters from readers. Short letters have a better chance of being published. All letters are subject to condensation for space reasons. Anonymous letters will not be considered for publication. Writers may request that their letters be signed only with initials, but preference will be given to those fully signed and bearing the writer's complete address.

## U.S. Ends Illusory Phase

## China and Vietnam

By Anthony Lewis

LONDON—President Nixon's visit to China, whatever else it may or may not do, marks the end of an illusory phase in American policy. Instead of applying a devil theory to the People's Republic, we now admit to ourselves that it has legitimate national concerns—and in any case is there to stay. In short, we have stopped fooling ourselves that we have the power to fight history in that part of Asia.

The contrast that cries out is with our policy in Vietnam. For Nixon and his advisers still evidently believe that the United States can impose its views in that part of Asia—that there we can fight history.

What is Nixon's Vietnam policy? Fundamentally, it is to maintain Nguyen Van Thieu in office in Saigon. The disclosures of the secret talks between Henry Kissinger and Le Duc Tho make emphatically clear that the United States would do nothing that might threaten Thieu. That is why the offer of a total American withdrawal was conditioned on a cease-fire. That is why the proposal for fresh elections with the Communists taking part would have Thieu resign just a month before and leave his cohorts in charge—an idea whose supposed fairness would not fool a child.

### Moral Issue

Nixon and those who back his policy are trying these days to make American support for Thieu a moral issue. It would be dishonorable to abandon our commitment to a small and faltering ally, they say, and Sen. Edmund Muskie would rather be treasonous to make the suggestion.

But the American obligation, whatever its limits, is to the people of South Vietnam. It is not to any particular politician, and certainly not one whom we effectively installed.

By now the effect of the American war on the people of Indochina is so familiar that the images have lost their impact. There are the 4 million pounds of bombs still being dropped daily, the forests destroyed by chemical agents so deadly that we now are worried about disposing of the surplus, the 100,000 casualties and refugees caused by American bombing every month.

Are we justified in doing all that to keep Nguyen Van Thieu in office? That is the real moral question.

### Sooner or Later

Sooner or later, the United States will have to accept that North Vietnam is the strongest power in Indochina. To go on

## Letters

### 'Grand Larceny'

I have been waiting in vain for an editorial taking the real villains of the so-called Irving-Hughes affair to task. The fact that, just as the publishers' fall overboard, other in their haste to disburse a \$500,000 advance (advance, mind you!) for utter trash created the situation that Mr. Irving and others took advantage of. Publishers are business men and as such are expected to make a profit, but when they pay \$500,000 to edit up with the information that Mr. Hughes wrote meekness because he has shilled the foot they do the public and the publishing business a disservice. Something is dreadfully wrong with their priorities when struggling, gifted authors go from publisher to publisher in often vain effort to get their books accepted, let alone extract the paltry \$1,500 advance usually accorded them. The real "Grand Larceny" (HRT Feb. 15) is actually being committed by the publishers who deny the public works of merit in order to print rubbish.

### Languages

From Betty Werther's article on language learning (HRT Feb. 11), can we assume that the French Department of Education would allow "regional languages" to be taught in the schools of Brittany, Corsica and the Basque country? Now that modern technology has evolved sophisticated techniques of teaching languages, now that linguistics is becoming "an empirical science," stressing the importance of understanding and speaking before reading and writing, is anything to be done for those "underprivileged children whose vernacular often quite handicaps them in their own country?"

The answer France gives to these questions will show how democratic this country still is. At a time when language movements, like GALT in Britain, are

struggling to achieve cultural or official recognition for those languages spoken by millions daily, actual figures are unknown, but the case has been made that there has to be some step taken. The French government should be smart enough so as to realize it has nothing to gain from the suppression of vernaculars that have little to do with foreign languages as studied by a cultivated "elite" in the early part of the century.

There are 2,000 languages spoken throughout the world today. In spite of a general tendency toward one or two "lingua franca," it is doubtful whether smaller languages will disappear. But the time will come when Dutch, for instance, have Dutch for their mother-tongue and English as a second language. I suggest that a bilingual Dutch-speaking Dutchman is of considerably more interest than a bilingual English-speaking Dutchman.

—VICTORIA VON HAGEN, Paris.

### Gideon's Victims

Anthony Lewis has written a superb article on the American convicted thief Gideon (HRT Feb. 12-13), who was acquitted on the grounds that he had no lawyer at his first trial. The epitaph ends with the words: "he will not be forgotten." I wonder if Mr. Lewis or someone else could now give "equal treatment" to a three-convicted Gideon's victims (a), and tell all about them too. For many discriminatory that count should glorify the cause of criminal, describe how gaudy trial he was, tell us about childhood, his mother, his story in the Supreme Court, never, but never, a single about his victim?

—N. C. OUMER, Athens.

Editor's Note: Gideon acquitted on retrial.





**LAST ROUNDUP**—Just like the old days, as cowboys drive herd of cattle through small town of John Day in Oregon. They are being moved from their winter grazing lands back to the main ranch some 38 miles away and have to be driven through the towns of Canyon City and John Day to reach their destination.

### Reds Want Port, Ouster of Two Aides

## Egypt Said to Bar Soviet Deal for Arms Plant

NEW YORK, Feb. 21 (AP)—Newswatch magazine says that the Russians have offered to set up a sophisticated arms-manufacturing operation in Egypt in exchange for permanent port facilities there and the ouster of two prominent political figures. But the magazine added that Egyptian President Anwar Sadat is expected to reject the proposal as "relations between Cairo and Moscow appear to be deteriorating at the highest level."

Newswatch's report was sent from the Egyptian capital by senior editor Arnaud de Borchgrave and headlined "Cairo puts the chill on Russia."

It said the men Moscow wanted removed are Egyptian War Minister Gen. Mohamed Ahmed Sadek and Ali Ibrahim, who has long been a government mouthpiece.

The internationally circulated newswatch said Gen. Sadek, who once tried hard to get along with the Russian military, now symbolized the worsening relations. It said Gen. Sadek is reported to have recently told a group of his senior military officers:

"If you feel like kicking your Russian adviser in the butt, please do it discreetly. I don't want any open clashes." Shortly thereafter, however, he ignored his own advice and ordered a Soviet general out of the country on 24-hour notice for having called Egypt an "unfaithful mistress."

Newswatch also reported that when a visiting Soviet delegation recently took Mr. Heikal to task for a strongly worded anti-Soviet column in Al-Ahram, the editor snapped back: "I am an Egyptian concerned about Egypt's national interests just as you are Russians concerned with your own national interests. The two don't necessarily coincide."

### 4 Iran Guerrillas Sentenced to Death

TEHRAN, Feb. 21 (AP)—An army tribunal Saturday sentenced to death four guerrillas on charges of attempting to overthrow the regime, illegal possession of arms, attempting to kidnap the shah's nephew, Prince Shahram, and propagating Communist ideologies.

Three other members of the same group were sentenced to 10 years imprisonment and another four to jail terms ranging from three to eight years. The group was held responsible for hijacking an Iran airplane in 1970.

## Algeria, Libya, Iraq Offer Bail For Accused Wasfi Tell Killers

CAIRO, Feb. 21 (AP)—Two lawyers from Algeria and Iraq told an Egyptian court today that their countries' presidents are ready to provide bail for four Palestinians accused of assassinating Jordanian Premier Wasfi Tell.

A similar offer was made at yesterday's hearing on behalf of Libyan leader Col. Moamer Qadhafi.

The four defendants have all pleaded guilty to gunning Mr. Tell down on the steps of Cairo's Sheraton Hotel last November. Defense lawyers are seeking their release on the ground that Mr. Tell was a "war criminal" because of his role in King Hussein's crackdown on the Palestinian guerrillas in Jordan in 1970.

Hearings began Saturday and will continue tomorrow. The four Palestinian defendants remain in custody.

In another legal case here involving foreigners, Egyptian prosecutor Salah Nasser charged yesterday that a Frenchman and a Belgian committed two crimes, of which one is punishable by life imprisonment at hard labor, the Middle East News Agency reported.

Nasser identified the Frenchman as Jean Marc Vusux, a Sorbonne student, and the Belgian as Jacques Pierre Joseph, a resident of Brussels.

The crimes committed, according to Mr. Nasser, were:

- Spying for an enemy country (Israel), punishable by life imprisonment with hard labor.
- Instigating harmful anti-Egyptian propaganda in time of war, punishable by imprisonment.

### Who Wrote 'War and Peace'? Don't Ask U.K. Trainee Teachers

LONDON, Feb. 21 (AP)—"Who wrote 'War and Peace'?" hundreds of British trainee teachers were asked.

Among the answers—Sir Winston Churchill, Leon Trotsky, Graham Greene, Thomas Gray.

Surprisingly few put down the right answer—Leo Tolstoy. And that was not all. Most of the future teachers questioned showed they knew next to nothing about literature, art, music or architecture, by flunking a 50-question general knowledge test.

The results were reported today by Wilfred Hopkins in the magazine Educational Research.

In all, 586 students at teachers colleges in Manchester, Glasgow and Liverpool took the test. One in four managed to get 80 percent of the answers wrong. The average score was about 30 percent right.

"It is debatable whether students with such extremely low scores can be said to be educated," Mr. Hopkins concluded.

## Venezuelans Receive U.S. Submarine

### Limits Set on Arms For Latin America

By Lewis H. Dinguid

CARACAS, Feb. 21 (WP)—Secretary of Defense Melvin R. Laird's declaration last week that the United States intends to limit arms sales to Latin America came just as Venezuela was taking delivery of an American submarine and the first of 20 Supermarine fighters from Canada.

Mr. Laird's statement that sales would be avoided where an arms race could result was almost certainly made with Venezuela and Colombia in mind. Both have increased weapon purchases since a border dispute developed in recent years over the Gulf of Venezuela, which is believed to cover a wealth of petroleum.

The day after Mr. Laird's statement, Venezuelan President Rafael Caldera pointed out that arms are readily available in Europe. Colombia has contracted to buy 18 French Mirage super-sonic aircraft. Venezuela also is buying 15 of them, in addition to the 20 American-designed, Canadian-made CF-5As.

In the 320-page report on defense policy distributed last Tuesday in Washington, Mr. Laird acknowledged that Western Europe was cutting into the United States position as the main supplier of arms to Latin America.

"Nevertheless, we shall continue to review most carefully private sales of military equipment even to close allies, and to refuse them when regional security or other U.S. interests would be adversely affected," he said.

Legal Restrictions

Congress has sharply restricted the U.S. military aid program in Latin America, and there is some pressure for eliminating such programs altogether as detrimental to the area's economic development. Private U.S. arms sales are licensed by the government.

In a news conference Wednesday, President Caldera said it is "most laudable" to desire "not to provoke overarming," but added that it is also "perfectly demonstrable" that sometimes "the manner of understanding or applying the measure" fails to contribute toward that end.

"Furthermore," he added, "experience has demonstrated that the United States is not the only provider of arms, and that until now no Latin American country can be accused of overarming or of exhibiting aggressive aims."

Earlier on the same day, Mr. Caldera noted the arrival of the U.S. submarine Venezuela's second—very, he said, was offered "on very favorable terms."

According to a U.S. Embassy official, "it is a \$7 million submarine sold for \$150,000." The sub is considered obsolete by U.S. standards. Colombia is said to be buying two German submarines to match Venezuela's.

U.S. Offered F-5s

The United States had hoped to sell Venezuela 20 F-5s. Venezuela went into the market after Colombia had contracted for the faster, heavier and more expensive Mirages.

Under the arrangement worked out by U.S. Ambassador Robert McClintock, the slower F-5s were to be bought in conjunction with the Sidewinder missile, which allegedly would put the F-5 on a competitive footing with the Mirage.

That is almost now the deal worked out, except that the Venezuelans bought Mirages as well, and Canada offered Venezuela huge delivery and better terms on their Lockheed F-5s.

The Americans are still expected to provide the target-seeking air-to-air missiles.

U.S. diplomats have argued that the French Mirage not only is expensive initially but requires purchases of electronic ground equipment.

Mirage Over Bogota

Colombia has yet to take delivery of any of the planes it has recently purchased, but one is expected to fly over Bogota on Armed Forces Day, March 25.

Negotiations are under way for purchase of an expensive complementary radar system, and American inspectors are hiding for the contract.

A year ago, Colombia's President Misael Pastrana called for Latin nations to renounce themselves to arms limitation. He said Colombia would review its own position if that occurred.

It was seen as an attempt to avert competition with Venezuela, which is far richer.

The idea was taken up at a meeting of the Organization of American States and shelved through assignment to a committee for further study. This maneuver was led by Argentina, which produces many of its own arms.

The committee's report, as expected, found that no effective approach to arms limitation was apparent.

French Honor Astronaut

PARIS, Feb. 21 (DHT)—Astronaut James A. Lovell today received the Aero-Club de France's Grand Médaille for achievements in astronautics.

Capt. Lovell was commander of the Apollo-13 moonflight in May, 1970, which was forced to return to earth without making a lunar landing after an explosion on board destroyed its survival and guidance systems. Among other Americans to have received the medal were the Wright brothers and the crew of Apollo-11 which made the first moon landing.



**SIGN OF OLD TIMES**—Statue of Winston Churchill giving his famous "V" for victory sign outside the British Embassy in Washington during a recent snow storm.

### For 36 to 40 of the Latest Warplanes

## U.S., France, Britain Seek Greek Jet Order

ATHENS, Feb. 21 (NYT)—The United States, Britain and France are vying for a multimillion-dollar order to supply advanced warplanes to the military-backed government of Greece.

The order is linked to a contract for a \$50-million, Greek aerospace factory, to be awarded soon. The government is considering offers from U.S. and French bidders for the factory, but the final decision will probably be influenced by the choice of planes.

Qualified foreign sources said yesterday that the government was in the market for two squadrons—about 36 to 40 planes, depending on trainers—of the latest super-sonic jets. This decision is prompted by two considerations:

● Reasons of prestige, both domestic and external. The government boasts that unlike any previous one, it is expanding the nation's defense arsenal without foreign help.

● As a precaution for an emergency unrelated to the North Atlantic Treaty Organization, such as a flare-up over Cyprus, a major issue between Greece and Turkey.

Britain Enters Late

The main contest over the aircraft order is between the U.S. F-4 Phantom and France's Mirage F-1. Britain joined the contest last week with the Jaguar multi-role combat aircraft.

While a British aircraft team was making a technical presentation of this interceptor in Athens last Thursday, a couple of U.S. Air Force Phantoms swept over downtown Athens.

Qualified sources said the Phantoms were stationed at Athens airport on a NATO mission for air surveillance in the Mediterranean. They asserted that wind conditions had forced the Phantoms to fly at low altitude over the city.

The United States and France

London Reports

Malta Standing Firm on Terms

LONDON, Feb. 21 (AP)—British authorities reported today that Maltese Prime Minister Dom Mintoff is standing firm on his terms for allowing British and North Atlantic allied forces to go on using Malta's military facilities.

The terms are as unacceptable to us now as when they were first made," one government source said. "Therefore the process of withdrawing heavy gear and equipment from our bases is continuing and could be completed by mid-March."

In a weekend message to Prime Minister Edward Heath, Malta's leader raised the possibility of an early meeting at the top level presumably to carry on the protracted quest for a compromise. But British reaction to this appeared skeptical.

"Mr. Heath is likely to reply within a day or two without slamming any doors to a meeting," the government source said. "But he is also likely to point out we still await Malta's answer to our own NATO's final and definitive offer earlier this month."

Bukovsky Plea In Soviet Court

MOSCOW, Feb. 21 (AP)—A Russian court will hear the appeal tomorrow of dissident Vladimir Bukovsky, 29, who was sentenced to seven years' confinement and five years' exile for "damaging the Soviet state," friends of the prisoner reported today.

It is doubtful that foreign observers will be permitted to attend. In the one-day trial Jan. 5, Mr. Bukovsky's case was decided in closed court. He was accused of telling foreign correspondents that Soviet authorities sometimes commit dissenters to mental asylums. Proof of "crime," he asserted, is recantation. Mr. Bukovsky himself was a victim of these procedures.

## Avalanches Leave 9 Dead In Alps Area

### Switzerland, Italy, France Hit by Snow

From Wire Dispatches  
GENEVA, Feb. 21.—Avalanches in the Alps buried houses and cars today, and have claimed up to nine victims in Switzerland, Italy and France.

Four Swiss skiers were killed by avalanches during the weekend following violent snowstorms in central Switzerland.

Today, two skiers died in an avalanche near Interlaken. The Swiss Avalanche Institute warned of further danger on the southern slopes of the Alps.

Simpleton village, near the main Simplon Pass between Italy and Switzerland, was cut off by two-and-a-half meters of snow.

In Italy, a 63-year-old woman was missing after an avalanche buried six houses and damaged 15 others at Valdarmella, near the French border.

Hundreds Isolated

At least 100 mountain villages were isolated and hundreds of tourists and weekend skiers were trapped in various north Italian resorts.

Snowdrifts followed three days of heavy snowfalls, especially in the Aosta Valley and in the Piedmont region. The highway between Turin and Savona was cut off by snow.

Nearly 2,500 skiers and tourists were trapped in Maougnage, in the eastern Alps, as snowdrifts blocked the only road to this resort.

Many Dolomite passes, such as the Sella, Gardena, Sella, Pordoi and Bozdo, were closed to traffic.

In the plains, heavy rains caused floods and landslides. The Po River, Italy's largest, flooded large cultivated areas near Alessandria.

In Briançon, France, rescue teams found the bodies of two French skiers buried in an avalanche.

Cold Wave in U.S.

NEW YORK, Feb. 21 (AP)—Extremely cold weather settled over the American northeast today in the wake of a massive and violent snowstorm that left 15 persons dead in Pennsylvania and New York.

A state of emergency was declared in Pennsylvania.

Shenandoah, Va., was buried under a 45-inch snowfall and Birmingham, N.Y., reported two feet of snow.

4 NATO Nations Consulting Finland on European Parley

By Drew Middleton

WASHINGTON, Feb. 21 (NYT)—Four members of the North Atlantic Treaty Organization—Belgium, Denmark, France, and Norway—are opening discussions with the Finnish government on the Soviet-proposed European security conference.

NATO sources, reporting this development, noted that the Soviet Union and its Warsaw Pact allies said in their last statement that the conference "must" take place in Helsinki in 1972.

The State Department, which advocates a slower, more methodical and united approach to the conference, has been told by the four governments that their discussions with the Finns would be confined to technical aspects of the conference.

The French government, which has played a leading role in encouraging the talks, hopes that a conference of ambassadors, representing all European countries plus the United States and Canada, can be held in Helsinki this autumn.

France's Stand

This meeting, the French suggest, should arrange a conference of foreign ministers. The United States delegation at NATO notes an early foreign ministers' meeting, arguing that they should not assemble until substantive work has been accomplished by ambassadors.

The French government, on the other hand, believes that the foreign ministers could establish committees and set the agenda for their subsequent meetings, probably at Geneva.

These committees would deal with the topics proposed for a conference by the Soviet Union—among them economic relations, "stability" of frontiers and reduction of military forces.

The French and other interested NATO governments believe that negotiations within the committees on these and other topics would continue three to six months. When preliminary agreements are reached, a plenary session attended by heads of government would be convened in Helsinki. The State Department is cool to a meeting at that level.

The four governments prepared for negotiations now, as well as other governments, have been encouraged by what they see as a more positive tone on troop reductions in the Warsaw Pact communiqué issued at Prague Jan. 26 at the close of the alliance's two-day meeting.

This mentioned an "agreement on a reduction of armed forces and armaments in Europe." The statement was regarded as an advance on the Budapest declaration of June, 1970, which referred only to an "analysis of the problems concerning the reduction of foreign armed forces on the territory of armed states."

The Warsaw Pact communiqué

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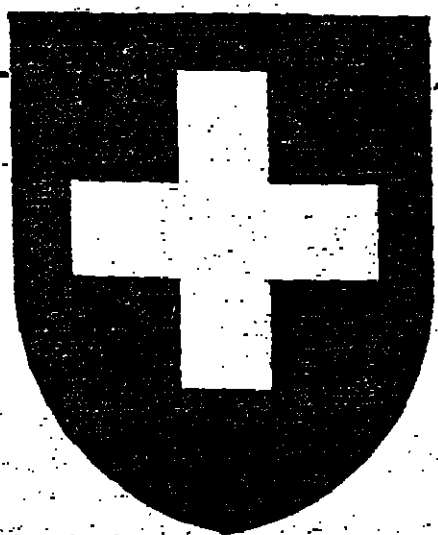
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# SWITZERLAND

FOR SWITZERLAND, 1971 was a year of hectic readjustments for all phases of the domestic economy, and especially for its financial institutions.

Massive capital inflows estimated at \$2.8 billion, a lagging domestic economy and a record-breaking price spiral posed unaccustomed problems for the little nation once hailed as an island of stability.

A torrent of incoming capital preceded and precipitated the 7 percent revaluation of the Swiss franc in May. On its heels came the August suspension of the dollar's gold convertibility and a severe monetary crisis which triggered a new flood of funds.

Switzerland's industries, which must export to survive, found costs soaring while growth rates leveled off. Consumer prices climbed 6.6 percent in the year, with further gains predicted. Real GNP grew a little over 4 percent, while the GNP deflator, considered a broad measure of inflation in the economy, gained 8 percent.

Tourism had a good year, but was hampered a bit by labor shortages partially due to a law limiting the number of foreign workers allowed in Switzerland. A shortage of workers also pinched the building trades, whose costs ballooned 15 percent in the year.

The federal government began to take a more direct hand in economic matters. In June, it ordered a freeze on demolition and construction of non-essential buildings in certain areas.

A new constitutional amendment makes it possible for fiscal policy to be a bit more responsive to the economic situation; it allows the government to make some adjustment in income and sales tax rates as a stabilization

device. A special reserve of 135 million francs (about \$35 million) will be set aside for economic fluctuations.

Much of the readjustment responsibility fell upon the country's banks. They agreed to continue their restriction on credit expansion. Partly as a result of this, commercial and private loans increased much less than in 1970.

The banks also agreed to two measures proposed by the Swiss National Bank to prevent further inflows of funds. No interest was paid on deposits of Swiss francs made by foreigners after July 31. In addition, a limit was set on the number of dollars purchased each day per bank and per customer.

But much of the newly arrived foreign capital has remained in the country despite these measures. Some suggest many of these funds were brought in by Swiss citizens, whose deposits were not subject to the interest restrictions.

Swiss bankers say they expected huge amounts of Swiss and German currency to leave when the December monetary agreements were announced. The fact this did not happen indicates "confidence has not been restored in the viability of the dollar," one banker declared.

He named several factors which would help restore confidence: acceptance by the U.S.

congress of the December agreements; a better mood on the New York Stock Exchange, and improvement of the U.S. balance of payments situation. "But the whole question is not yet settled," he said.

Another banker agreed with the diagnosis and said it might be a year before the funds begin to move out of the country.

During 1972, further slowing in economic activity is generally expected—much of it due to the fact that Switzerland's big trading partners, such as Germany, are having similar problems of their own.

In addition, there were indications Switzerland is giving more thought to relinquishing its autonomy in monetary policy. President and Finance Minister Nello Celio said last week his country should join the World Bank and International Monetary Fund, because the chaotic events of the last year proved that Switzerland was no longer free in monetary affairs.

## A Period of Pressure and Readjustment

### WATCHMAKING

*Faced with a sharp challenge, the Swiss watch industry is both determined and confident.*

By A.-L. Sugar

GENEVA (UPI)—It is expected that in 1980, some 300 million watches will be sold in the world. How many will come from Switzerland? Manufacturers in this country answer with quiet confidence that the Swiss provide about half of them, for they are determined to maintain the industry leadership which the Swiss have enjoyed for generations.

However, the Swiss watchmaking industry has learned to face growing competition, especially in the last 20 years.

With the emergence of national industries in several countries, the Swiss share of world production has shrunk during the last 20 years from 62.2 percent to 44.7 percent. Similarly, the overall European share of the global production of watches has fallen from 70.8 percent to 53.8 percent. France was the only nation whose production increased to a larger share—from 4 percent to 6.5 percent, but the Swiss note that its proportion of world output was very low to begin with in that 20-year span.

Switzerland's watch sales abroad now account for 71 percent of the world's watch exports, compared with 74.5 percent 20 years ago. The Soviet Union has 8.4 percent of the watch-export market, Japan 9.8 percent and France 3.1 percent. One might be inclined to attach little importance to such competition when considering the 71 percent share of the Swiss.

But, in fact, the Swiss watch industry is very concerned about these rivals. Switzerland, which exports up to 97 percent of its watch production, is keenly aware of the growth that its main competitor—Japan—has been registering each year, not only in its foreign-sales totals but also in the quality of its products.

Japan's domestic market absorbed only a little more than 10 million of the 23,778 million watches produced in that nation in 1970. This made Japan the second largest exporter of watches among the world's manufacturing nations. Despite this success, Japan has continued to protect its domestic market efficiently from foreign competitors, raising tariff

barriers as high as 40 percent. Almost completely destroyed in World War II, Japan's watch factories are new.

The Japanese watch industry is very concentrated, and its firms are fully integrated into larger corporate structures that are diversified. This is the situation, for example, of Hattori-Seiko, the second largest watchmaker in the world. Japanese watch manufacturers, therefore, have a financial capacity which allows them to develop new products or new markets at a price that many of their Swiss competitors can ill afford.

Whereas Japan has made a direct frontal assault on the world's watch market, American interests have gone on a different tack—taking over some Swiss firms in order to improve their own image in the U.S. domestic market. This explains why the U.S. share of the world's exported watch market is put at only two-tenths of 1 percent. Bulova Watch Co., Elgin Industries and Zenith Radio Corp. have garnered a "hidden" share of the world market by establishing strongholds within the Swiss watch industry.

A contrary example is Hamilton Watch Co., which had acquired "Swiss citizenship" but which ran into such financial difficulties in the United States that it has come under the full control of SSI, a Swiss corporation.

Faced with direct Japanese competition, the Swiss watch industry (Continued on Page 10, Col. 6)

### Chemical Industry

BASEL (UPI)—It has been said that this city's population has the greatest density of scientists in the world. A primary factor in the creation of the scientific community here is the Swiss chemical industry's concentration in Basel.

Basel's leading role in the chemical industry is of ancient vintage. In fact, it can be stated that since the middle of the 18th century, Basel has been the cradle of the world's chemical industry, the center from which it grew to its present worldwide dimensions.

The top four Swiss chemical companies were founded in Basel and maintain their headquarters and important production units here.

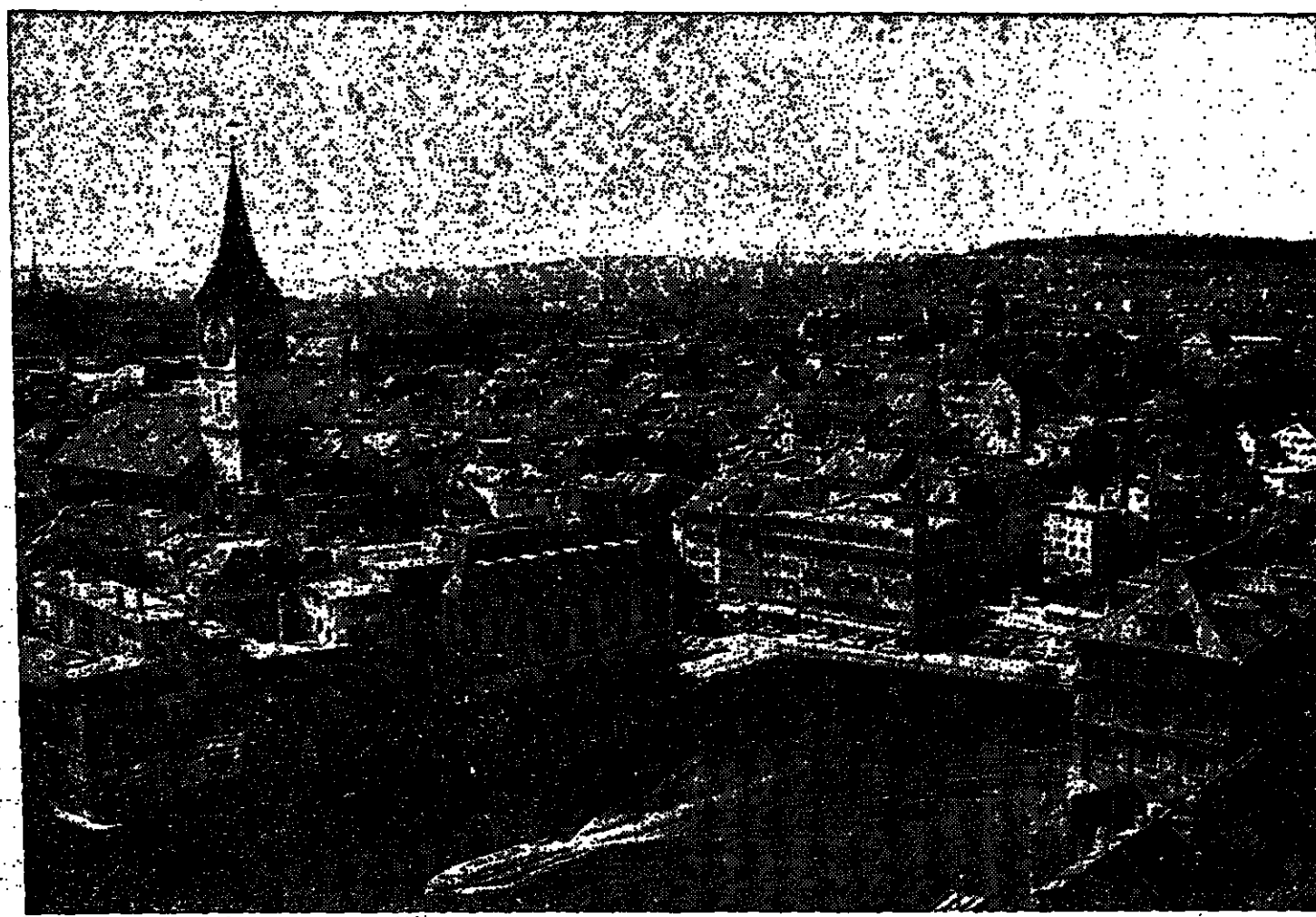
They employ in the Basel area more than 35,000 of the 54,000 persons working in the Swiss chemical industry. The four accounts for 65 percent of the chemical production in Switzerland. A second group of six firms shares 15 percent, with the remaining 20 percent divided among 410 manufacturers.

The chemical industry has relatively important installations in Zurich, Bern, Geneva and Lugano also, but none of these centers rivals Basel as the focal point of the Swiss chemical industry. When a Swiss is asked what he knows of Basel, he will cite the son, the harbor on the Rhine, its carnival and the chemical industry, as he will talk of Zurich for big finance and the machinery industry and will mention La Chaux-de-Fonds as a watchmaking center.

Like other manufacturers in Switzerland, the chemical industry did not have large native supplies of raw materials to bolster it. From its beginnings, therefore, the Swiss chemical industry focused on specialized rather than basic products—on elaborate products which could reward its know-how with a higher rate of return than comparatively simple products would have brought.

Thus, a breakdown shows that 40 to 45 percent of the Swiss chemical industry's output is in pharmaceuticals. In this field, Switzerland ranks second, behind the United States, in the world lineup of producing nations.

The output of even the smaller (Continued on Page 10, Col. 1)



The city of Zurich, headquarters of one of the world's most important banking centers.

## New Trends and a Time of Transition

By Barbara Bell

ZURICH (UPI)—The winter visitor to Switzerland today, skiing over dazzling, crunchy snow, breathing crisp, pure air and gazing up in awe at the towering white crest of the Matterhorn, and the summer visitor strolling beside quiet lakes and among wildflowers in the green pastures of the Bernese Oberland might find it hard to believe that until the middle of the last century many Swiss people regarded their country's spectacular landscape as something of a national disaster.

Fully a fourth of Switzerland's rugged 15,841 square miles is fit neither for agriculture nor for forestry. Few minerals have been found there. About 90 percent of the country is covered by Alpine mountains stretching from east to west across the southern part of the Swiss territory; the Jura range, running from southwest to northwest, covers an additional 10 percent.

The scenic beauty of Switzerland has never gone unnoticed—Jean-Jacques Rousseau was one of the first travelers to praise it widely, and celebrated 19th-century visitors included Madame de Staël, Byron, Goethe, Longfellow, Brahms, Mendelssohn and Mark Twain.

But it was after 1850 that the British "invented" tourism in Switzerland on a large scale, and turned all of that scenery into a blessing.

In 1865, Thomas Cook, who was then just starting out in the travel business himself, organized the first group travel in Switzerland.

On July 14, 1865, the British climber Edward Whymper and his party conquered the Matterhorn—and unleashed an army of other eager British climbers upon the Swiss Alps.

In 1894, Sir Arthur Conan Doyle published an account of a Swiss ski journey that sent hundreds more Britons rushing to the slopes of Switzerland. Americans and Europeans followed.

In 1971, Switzerland recorded more than 36 million overnight stays by tourists in hotels, pensions and health establishments, plus an estimated 25 million overnight stays in holiday apartments, youth hostels and camping and caravanning sites.

And in 1972? Fred Birnmann, press director for the Swiss National Tourist Office in Zurich, discussed new trends in Swiss tourism in an interview recently.

"Yes, tourism is changing," said Mr. Birnmann. "Switzerland has traditionally directed its appeal to the individual traveler. Now, although we don't exactly try to appeal to mass tourism, we are trying hard to cater to participants in charter flights."

"Ski areas in Switzerland offer more and more 'package deals.' Meeting and convention facilities are being expanded throughout the country."

### TOURISM

Switzerland must also work to change certain incorrect images of itself, according to Mr. Birnmann—for one, that of being a playground exclusively for the idle rich.

"For many years now, we have been trying especially to attract the younger generation—students, for example, who may not quite be able to afford a luxury hotel up in St. Moritz," Mr. Birnmann said, with a smile.

"Last year, we invited representatives of European youth magazines and student newspapers, regardless of their tendencies, to come and see Switzerland through their own eyes. We got some hippies, and some lefties... and it was such a big success that we plan to do it again."

"We have to let people know that one of the advantages of tourism in Switzerland is that it offers several price ranges. If you want the best and the most luxurious, you have to pay for it, but you can have it."

"On the other hand, I have heard about a tiny village in the St. Gotthard area—it's not even on our list of Swiss winter resorts—that was discovered by a group of Canadian students on a charter flight. Now they come back every year and stay at a small guesthouse where to this day you (Continued on Page 13, Col. 1)

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### BANKING

*Even granting the built-in incentives, the growth of Swiss banks has been remarkable.*

By Jan Nugent Pearce

ZURICH (UPI)—"You don't have to tout for business in Switzerland," said an admiring British banker who has worked there. "It just comes in. The advantages are so great, there is no need for high-pressure salesmanship."

Even granting the built-in bank incentives, the recent growth of Swiss banks has been remarkable. In 1970, the last year for which overall figures are available, the total balance sheet of all Swiss banks grew 18 percent. Leading the pack were the five "Big Banks," whose assets ballooned over 27 percent in the year.

Some of the Big Banks' 1970 gain was due to a change in book-keeping methods, but they experienced similar percentage gains in preceding years. Their total 1970 balance sheet (\$4 billion Swiss francs or \$24 billion at today's exchange rate) nearly equaled Switzerland's gross national product. And, in fact, their total assets are far higher, since the balance sheet figures do not include the vast amounts of money and securities they manage in trust for their clients.

Although their size dwarfs anything in Switzerland, the big Swiss banks are not in the league with their American counterparts in size. Union Bank, Switzerland's largest with 24.4 billion Swiss francs, ranked 324 in the world in 1970. Nor do they operate far-flung branch networks around the globe. Swiss banks have a few branches at key market points and work through representative offices in most foreign countries.

One characteristic of the Swiss banking system is its density, and another one is the thriftiness of the Swiss population. There were about 4,450 banks there in 1970—one for every 1,400 people. Savings accounts far outnumber the population—there are 166 for every 100 Swiss—and per capita bank savings amount to \$2,350.

In addition to the five Big Banks, which control over 46 percent of total Swiss bank assets, Switzerland has 28 cantonal banks, which engage mainly in local mortgage and small trade financing and have about 25 percent of the total. There are also 550 local banks and savings associations with 18 percent, and 184 other banks (including foreign banks) have the remaining 11 percent.

Some 50 private banks, operating as one-man businesses or partnerships, control large amounts of securities and manage investment accounts. Their assets are a matter of speculation, since most of them are not required to publish their financial data.

Perhaps the most interesting characteristic of the larger Swiss banks is their lack of specialization. They are truly universal banks, engaging in stock brokerage business, and investment and commercial banking. They act as investment analysts, manage trust departments, trade on the stock exchange, grant mortgage business loans, sell savings accounts, carry on an active foreign exchange business, and underwrite national and international issues.

The easiest way to make a Swiss banker lose his proverbial cool is to suggest that the system of Swiss secrecy has attracted foreign funds tainted by Mafia or other unsavory connections. You will be coldly informed that no reputable Swiss bank will take money without proof of identity and that if a recognized mafioso appeared his deposit would be turned down.

U.S. law now requires any American citizen with a foreign bank account to disclose this on his federal tax return. The bill was passed after congressional hearings (Continued on Page 8, Col. 3)

Where other foreign banks shrink from dealings with Swiss companies, Citibank has worked to get their export financing business.

R. A. Giger, Citibank's resident vice-president in Zurich, said his bank takes the business "the Swiss banks are not very eager to do," especially export loans that involve political risks.

"I think we are not competing," he said in an interview. "We do the business the Swiss companies are not very much interested in." But a few minutes later he said, "I like competition," and said he thought every firm in Switzerland should have two bankers: One for domestic business, the other for international financing and payment.

The rule, he said, also extends to foreign and multinational companies in Switzerland—they should have a true Swiss bank also.

From the viewpoint of the long-established Swiss banker, the foreign banks are a problem.

Alfred B. Sarasin, chairman of the Swiss Bankers Association (which, in the European tradition, has a considerably (Continued on Page 8, Col. 7)

## A Unique Turntable for International Funds—Some Reasons

By Jan Nugent Pearce

ZURICH (UPI)—Switzerland's unique position as financial turntable for international funds and currencies and its trade and hospitable reservoir of foreign capital came about through a unique combination of necessity, Swiss shrewdness and serendipity.

The Swiss realized in the 1700s that their landlocked little country must expand its trade with other nations to survive in the competition with the seafaring lands of Europe. This commerce had to be financed and insured and thus the Swiss banking and insurance industry had its beginnings.

When the French Huguenots smuggled the family silver across the border for safekeeping, Swiss banks began their role as discreet,

competent managers of other people's money. As they solidified this reputation through political and religious persecutions, currency crises and other upheavals, the trickle of foreign funds became a raging torrent.

Writing the traditional Swiss bank secrecy into law in 1834 to protect the funds of Jews fleeing Hitler enhanced the country's already excellent position. And Switzerland has persistently continued to shield individuals' banking business from public view, despite the anguished wails of tax collectors from other lands.

There was an unavoidable decline in Switzerland's financial fortunes during World War II. But at the war's end the Swiss were back in business with a vengeance, acting as financier and intermediary between Eu-

rope's devastated countries and the rest of the world.

There are many reasons for the country's international financial reputation: strict political neutrality and stability, a central European location, a hard-working, thrifty population, a strong currency, freedom from exchange restrictions, a permissive regulatory climate, highly competent institutions and bank secrecy. And all of these have been skillfully used by the country's government and its financial community to ultimate advantage.

It was inevitable that banks from other countries looking for an international base should seek out Switzerland's congenial and profitable climate. After them came brokerage houses, mutual funds and other financial concerns, and the influx still continues although at a much slower pace.

Most Swiss realize that their financial institutions are a national resource and they are frankly treated as such. A Swiss government official explained succinctly: "We are a small country. We have no ports, no mineral resources and relatively few raw materials for manufacturing. What do we have? We have our industrious population with a high savings rate and we have our reputation as a center of world finance."

In spite of its exports of machinery, chemicals and watches, Switzerland has traditionally chafed up an annual trade deficit. The country depends on its earnings from tourism and Swiss financial institutions to push its overall balance-of-payments figure into the black, and

this has been the pattern through most of the post-war years.

The total balance sheet figures of Swiss banks (which does not include the substantial trust accounts they manage for their clients) have been twice the amount of the country's total GNP for several years. In 1970, the pattern prevailed again. GNP amounted to \$20 billion and the assets of Swiss banks exceeded \$40 billion.

It has been estimated that the banks' foreign deposits alone equal one-half the total GNP figure. But this, like many other economic statistics, is nearly impossible to prove since the Swiss are very close-mouthed with their financial data.

The international character of Swiss finance is evident on Zurich's Bahnhofstrasse, the glit-

ted avenue where many Swiss and foreign banks rub shoulders with rows of glittering luxury shops. The bank windows feature television sets which flash stock market reports from Frankfurt, New York, Tokyo and Swiss stock exchanges. Clusters of attentive pedestrians gather from time to time to catch the latest securities news.

A wide range of foreign issues are traded on the Swiss stock exchange. In recent years, as much as 75 percent of all turnover has been in foreign shares. Swiss banks are also big buyers on the New York Stock Exchange, accounting for between 30 and 50 percent of the volume, depending on the market's mood.

The flow of nonresident capital to Switzerland is so large that reinvestment abroad is the only solution, since domestic investment (Continued on Page 14, Col. 6)



aus dem Basler Messekalender  
extrait du programme des Foires à Bâle  
**from the Basle  
exhibition programme**

15.-25.4.1972

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**56th Swiss Industries Fair**

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3. Internationale Fördermittelmesse  
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Foire suisse d'Art et d'Antiquités  
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3<sup>e</sup> Salon international d'art  
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**NUCLEX 16.-21.10.1972**  
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3<sup>e</sup> Foire internationale des industries nucléaires  
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**INEL 8.-10.3.1973**  
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**Lugano:  
Blossoming  
Center  
For Banking**

By Thomas J. Hamilton

LUGANO (NYT)—This lakeside resort has been transformed into one of the principal financial centers of Europe as a result of the almost irresistible appeal of the dependable Swiss franc.

The 35 Swiss, American, British, German and Italian banks, not counting savings banks, and eight brokerage houses doing business in a town of 20,000 people are sufficient evidence of the influx of foreign capital seeking a safe haven in Switzerland.

How many hundreds of millions of dollars are brought in here every year for investment, or simply to be squirreled away in a number of bank accounts, is not known, since only the savings banks are required to make public the amount of their deposits and assets.

However, one Lugano banker boasted in a recent interview that the Lugano banks now provide 40 percent of the total tax receipts of the Canton of Ticino, which has a population of 225,000.

Since Como, just over the Italian border, is only 19 miles away, Lugano offers excellent facilities for Italian investors to comply with government regulations placing severe restrictions on the money they are allowed to take out of the country without a permit from the treasury.

For decades, smugglers have been slipping across the Italian frontier by boat, or on foot with knapsacks loaded with

cigarettes, coffee, and Swiss watches, all much more expensive in Italy than in Switzerland. These time-honored routes are now used to bring back Italian banknotes.

However, automobiles are a more dependable method because the volume of traffic across the frontier makes it difficult for the Italian authorities to catch smugglers in either direction. (There are no restrictions on the importation of any kind of money into Switzerland.)

According to banking sources, some of the banks interested in Italian business recently started making swapping arrangements that eliminate the hassles of bringing out wads of currency.

Since there are always some outside concerns who need the to meet obligations in Italy, they buy them at a discount from an Italian who wants to convert his lire into a hard

currency. The bank, of course, gets a commission, as well as the fees for handling the subsequent deposit.

Although the Lugano banks comply faithfully with the strict Swiss banking secrecy laws, it is believed that relatively little American capital has come here, if only because there are few American visitors to this resort area.

However, there are many tourists from Argentina, Brazil, Chile and other Latin American countries faced with a flight of capital and a number of them find it useful to leave money here.

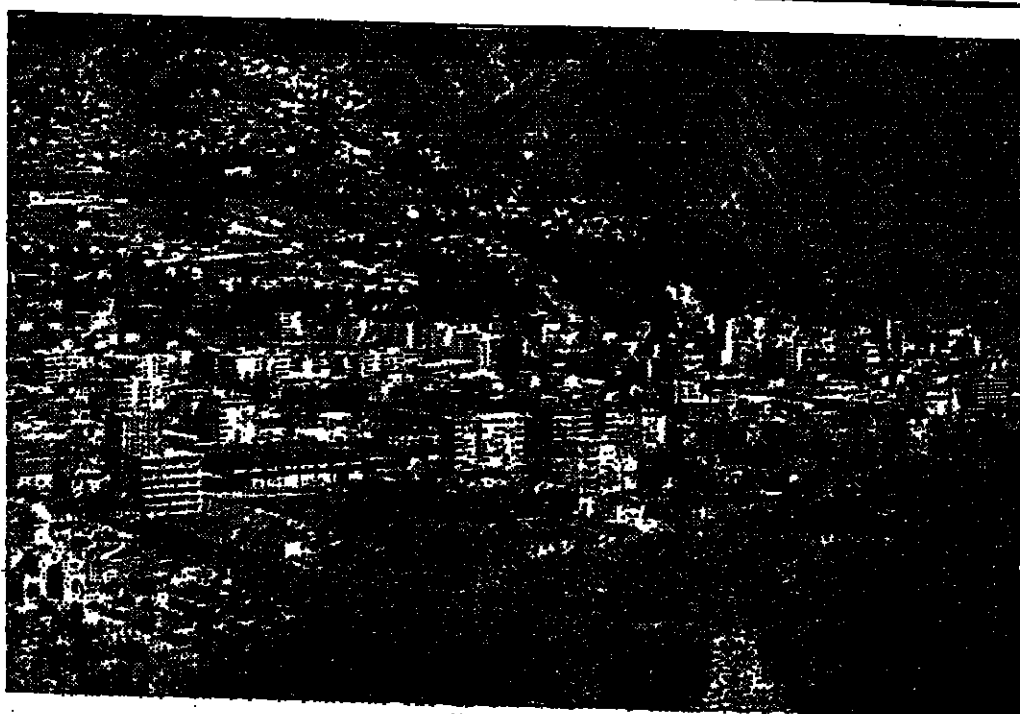
More important, Lugano and the adjoining towns on Lake Lugano have a considerable number of British, Dutch and Swedish residents, while Locarno and the adjoining resort of Ascona, on Lake Maggiore, 25 miles to the northwest, is noted for its large German colony.

All of them find Swiss income taxes lower than at home, with the result, according to one banker, that the Lugano banks now handle almost as much foreign capital as their Geneva competitors or even those of Zurich.

This claim is supported by the fact that no fewer than seven Swiss or foreign banks have established branches here in the past two or three years. These include the First National City Bank of New York, which opened last year on one of the main squares of Lugano, and two of the largest European banks, Lloyds Bank of London and the Banque de Paris et des Pays Bas.

The American Express International Banking Corp. has been here since 1950.

The fact that Lugano is no longer just a tourist resort is confirmed by the lavish new buildings occupied by some of the big Swiss banks.



Swiss National Tourist Office.

**Swiss Banking Continues Its Growth**

(Continued from Page 7)

ings produced testimony indicating that organized crime figures and "white collar criminals" were using numbered Swiss accounts to evade U.S. taxes and manipulate stocks on American stock exchanges.

Swiss and U.S. officials have negotiated unsuccessfully for over two years on a tax treaty to give American law enforcement officials some access to bank accounts of mobsters.

Under Swiss law, bank officials and employees can be fined or imprisoned for violating bank secrecy. Swiss officials point out that when a criminal case is brought, the bank's records are opened. But tax evasion is not a criminal matter in Switzerland and here is where the conflict arises.

One Swiss banker pointed proudly to the cooperation shown by Swiss banks in the headline-making case of writer Clifford Irving, whose wife opened a Swiss account under the name Helga R. Hughes and then endorsed and deposited checks intended for millionaire industrialist Howard Hughes, the subject of a book by Irving. Swiss authorities located the funds and have threatened to prosecute the case.

For years, outsiders have puzzled over how much of the money in Swiss banks was put there by foreigners. Estimates have ranged from 30 to 60 percent but no one really knows but the bankers, who aren't talking. Rumor has it that every

national crisis around the globe brings more money to Switzerland, where wealthy people with portable capital believe it will be more secure.

Much of the foreign capital is deposited in bank trust departments, where the banks invest and manage it. Traditionally, Swiss bankers are known more for their discretion and trustworthiness than for quick-profit tactics in managing these funds. Their image is one of conservative, experienced investors.

There is general agreement that the standards of conduct among most Swiss banks are good. But there have been a few untoward incidents. United California's Switzerland bank collapsed after its executives engaged in some free-wheeling speculation in cocoa futures. Last year, a small private Swiss bank owned by two German nationals solicited the leaders of at least two African republics for deposits, suggesting their money would be a lot safer in a numbered account in Switzerland than on the Dark Continent. Although there was nothing illegal about the proposal, the headlines were not good publicity.

Bank regulation is accomplished mainly by gentlemen's agreements, which the Swiss National Bank negotiates with banks operating in Switzerland. There have been proposals to formalize this system into written law and several observers believe this will eventually happen.

The foreign exchange dealers of Swiss banks are international

ally known for their swapping of various currencies. Countries with tottering currencies have hunkered down this business, but the banks insist their first duty is to protect their customers against possible changes in currency values. Swiss banks are also active on—and the virtual creators of—the Euro-currency markets, where the pace has been singing in recent years.

Interestingly enough, Swiss banks have very few personal checking accounts as Americans know them. Instead, most Swiss use a similar system administered by the post office, which transfers the funds from one giro account to another when directed. It's cheap and efficient and one Swiss banker confessed the promotion of conventional bank checking accounts is "an uphill battle."

Swiss bankers insist that the majority of their foreign funds come from European countries and not from the United States. "The neighboring countries are our most important foreign customers," one banker reported. He suggested one reason may be the language proficiency of Swiss bankers, who may speak as many as four or five languages fluently.

Swiss Bank Corp. and Swiss Credit Bank follow Union Bank in order of size, with Swiss Volksbank and Bank Leu making up the full list of big banks. In recent years, it has also become customary to talk about the "Big Three," whose size and business interests are more similar.

"When I entered the bank's management six years ago, our balance sheet was 10 billion Swiss francs," reported Dr. N. Senn, general manager of the financial division of Union Bank. "At the end of this year, it will exceed 40 billion."

Dr. Senn said the biggest growth in the bank's assets had come from its international business, although the bank's brokerage activities had also been "very profitable."

Meeting the fund drain argument head on, Dr. Senn indicated "a small part of our money comes from the U.S." But, he noted, a great percentage—between 30 and 50 percent—of the business on the New York Stock Exchange is done by Swiss banks.

Many Swiss banks have extensive investments in financial affiliates, such as mutual funds. But Swiss Credit Bank owns a wide variety of companies. Dr. Hans Mast, economic adviser to the bank's general management, ticked some of them off: a majority share in the country's largest department store chain, Electro-Watt, a large electricity holding company, FIDES, a large accounting company which also produces computer software; General Shopping, which finances retail sales outlets and others.

Dr. Mast singled out his organization's securities business as a fast-growing part of its operations. Short-term Euro-dollar business is also a traditionally profitable one, he noted, but it has become increasingly risky in recent months.

**Foreign Banks**

(Continued from Page 7)

greater influence on its government than the American Bankers Association) said in a speech four years ago that some of the foreign banks "are a source of worry to us."

"They have not only contributed to excessive foreign influence in some of our banking centers," he said, "but have also in certain instances pursued a somewhat unorthodox business policy which—at least in times of crisis—might easily be laid to the charge of the Swiss banks as a whole."

The foreign bankers interviewed saw it another way. They insist, they said, on maintaining the highest standards, and the problem children among the banks are a few small private banks in Zurich.

Although the Swiss banks have been known as bankers for centuries for a very long time, the move of foreign banks into the country is a recent phenomenon that paced the rise of multinational companies in Europe.

Although the British were repulsed early—witness Lloyd's decision to expand in 1915—Americans did not discover the possibilities of Swiss banking until Citibank set up shop in 1963. American Express was another early entrant in the field.

The move is continuing, although the July 1, 1969, law requiring licensing from the Federal Banking Commission has made it more difficult, and a law requiring reciprocal branching rights for Swiss banks from the headquarters country has made it next to impossible for some. Illinois' lack of this "Gegengleich" for example, has caused immense difficulties for the big Chicago banks that want to open Swiss operations.

The reciprocal branching privilege is only one of the major points in the law. Others require that the banks and administrators have a good professional history, specify that a majority of the important managers must live in Switzerland, require the banks to make it clear they are foreign-owned, and bind them to follow the "gentlemen's agreements" reached by the Swiss banks under the direction of the Bankers' Association. They are also forbidden to advertise their Swiss operations here.

The "gentlemen's agreements" have in the past been the favored form for getting bankers' support for government policy, such as control of inflation. Although they now have no force of law, the governing coalition in Bern has proposed, as part of the new platform it published this month, making them mandatory and enforceable. A similar proposal failed once before, but it had narrower support.

One of the first banks to experience the effects of the new licensing regulations was Chemical Bank of New York, which wanted to open a branch in Zurich in October 1970.

**Sour Note**

Only shortly after its application was filed, United California Bank's subsidiary in Basel closed with a large loss caused, the home office said, by unauthorized trading in commodities, mainly cocoa.

That soured the idea of more foreign banks for the Swiss, and Chemical Bank had to sit patiently for more than a year until its application was approved. The branch finally opened in April 1971.

"We had to wait 524 days," Wolfgang M. Rieger, an assistant vice-president in the branch, said ruefully.

Seven officers of the Basel bank were arrested, including one American. The Swiss now consider the incident closed, but it still ripples through the banking world.

Ask almost any foreign banker in Switzerland what his main business is and he will say foreign exchange dealings, investment portfolio management and corporate finance.

The foreign exchange business is centered in Zurich, where all of the major banks have active money market trading rooms. Chemical Bank has six dealers, Citibank five—that hum with the sounds of negotiations, telephones and telex through the trading day.

For them, it is big and profitable business. "The volume is very big," the manager of one American bank said.

He estimated that on one day a major Swiss bank might do \$100 million to \$250 million in

foreign exchange trading—and 90 percent or more would be positions taken by its own traders.

Mr. Giger of Citibank said the money market provides a good opportunity for bank profits, for one reason because the small number of personnel involved makes the expense side relatively small.

"It depends mostly on one man in a bank, the chief exchange trader," he said.

Another major activity is investment management, which usually means buying and selling stocks and bonds for the bank's customers.

There is no doubt that the biggest buyers and sellers on the New York Stock Exchange are banks in Switzerland. Citibank's Mr. Giger said.

He said Citibank's investment customers include a small percentage of foreigners living in Switzerland, and the rest are non-Swiss living around the world.

His bank does not perform this service for American citizens, who might be trying to evade American laws on Securities and Exchange Commission margin requirements.

For the same reasons, most foreign banks discourage any sort of accounts from citizens of their home country—in Great Britain it is illegal to have a foreign account—and refuse entirely to open numbered accounts for them.

An executive of one American bank who asked that his identity not be given, said most of his customers are people with family fortunes situated by Switzerland's stability and banking tradition as well as its near-impenetrable banking secrecy.

This banker said most of his trading is done on European exchanges, through European banks. Trading on the American exchanges is done through the multitude of American brokers connected with branches in Switzerland.

**Legal Conflicts**

The Swiss rules forbidding disclosure of virtually all banking information except overall figures has led to some conflicts with the American regulations on reporting and capital export.

The banks have had to solve this in favor of the Swiss law, which governs their operations in the same way they have been able to meet the American rules somewhat by reporting loans when the company they lend to gives its permission.

Other than that, however, nothing goes out, and it has led to disagreements between branch managers and their American superiors.

"I think the head office has resigned itself to the fact that it's not going to get the information," said one American banker who has been through the problems.

The same situation applies to banks' internal auditors. Bank of America, for example, resigned its agreement with the Banking Commission that internal auditors could inspect the books only after signing a secrecy pledge that binds them to the same penalties as resident bankers. They can take no papers away from the branch and must do all their work on the premises.

The eternal problem of finding a staff for a new bank is especially severe in Switzerland, where work permits for foreigners, except for top management, are very hard to get.

As a result, there is a competition for experienced and talented people such as foreign exchange traders, and some banks have a high turnover—one reported 63 percent staff change in 1970 and 54 percent in 1971.

Mr. Giger said Citibank's policy has been to follow the policy of the big Swiss banks in personnel and administration, and of 110 employees in Zurich only one is American (Mr. Giger is Swiss).

Another bank said his organization tries to hire securities dealers as they finish their apprenticeships, and offers incentives such as training in branches in other countries and the possibility of transfer and travel.

Nevertheless, the problem remains as the number of banks increases.

Despite their sometimes strained relations with the original Swiss banks, the foreign banks have found a profitable niche.

Mr. Rieger of Chemical Bank said a new branch can show a profit after six months or a year of operations.

All the American banks look with envy at Citibank, which one said is "tremendously profitable," although Mr. Giger concedes only that it is profitable.

For this reason, and the convenience they find in servicing their multinational clients, the foreign banks appear to have found their niche in Switzerland. Barring some type of cataclysm in Swiss law—and the Swiss are not given to drastic legal changes—they appear ready to stay for a long time.

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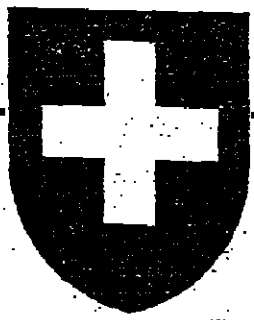
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## Switzerland and the Common Market

By A.L. Sugar

**BERN (AP)—**For several weeks the French-speaking Swiss radio has been airing a broadcast titled "Switzerland Meeting Europe." Reviewing more than seven centuries of history, the program traces not only the internal development of Switzerland but also its firm ties to its neighboring nations of Europe, the interplay in which this nation has given much to others on the Continent and has received even more in return.

The broadcasts are significant because in this year, possibly at the end of June, Switzerland hopes to fashion even tighter economic ties—by reaching an agreement with the European Economic Community which will give this small nation special status with regard to trade and tariffs.

Switzerland insists, however, that any such accord should reflect the guidelines of the General Agreement on Tariffs and Trade. Along those lines, Switzerland wants its accord with the EEC to contain an "evolutionary clause," which will provide for the opening of negotiations to enlarge the free-trade treaty whenever any such talks should appear useful in the future.

Switzerland has traditionally championed free trade and, in fact, was a leader in the campaign that led to the 1960 founding of the European Free Trade Association. That group, with eight full members—Austria, Denmark, Iceland, Norway, Portugal, Sweden, Switzerland and the United Kingdom—plus Finland as an associate member, was set up with two main aims: to achieve free trade in industrial products between member countries, and to work toward a wider settlement for Western Europe as a whole.

Now, however, three of those nations—Britain, Norway and Denmark—are scheduled to join the Common Market next Jan. 1, along with Ireland. Switzerland is concerned that it must have special economic standing that would protect it from any protectionist barriers the enlarged Market might decide someday to erect.

For an economically isolated Switzerland is a land that has little in the way of natural re-

sources and therefore must depend on trade with others. Situated along key north-south European travel and trade routes, this nation was first the home of merchants and later of industrialists whose customers were scattered throughout the Continent and, ultimately, the world.

The key role of merchants in this nation is reflected far back in history, as was noted by Hans Schaffner, former economic minister in the Swiss government, in a lecture. He said that when France's King Francis I and delegates of the ancient Swiss confederation signed the "Perpetual Peace" treaty in 1516, Swiss merchants had been active in negotiating the accord so as to obtain commercial advantages for the export of goods to France.

Up to the French Revolution, they stubbornly fought at every renewal of the treaty to guarantee themselves a continuation of those privileges.

This country's traditional adherence to its commercial and industrialist instincts for survival have led it to its position today as fourth among the world's financial powers and 12th among the commercial powers.

To reach and maintain that status, Switzerland has had to depend on foreign markets—to the extent that exports now account for more than 80 percent of total production in this small, mountainous land.

These statistics give a picture of the Swiss balance of trade last year, with the figures in the middle and right columns representing millions of Swiss francs:

Products	Exp.	Imp.
Raw materials and semi-finished products...	8,842.8	12,191.7
Investment funds...	7,980.0	9,856.6
Consumer goods...	6,963.9	5,744.6
Electricity and fuels...	29.4	1,949.7
<b>Totals</b> ...	<b>23,816.9</b>	<b>29,842.6</b>

Trade Partners	Pct.	Pct.
EEC	37.6	59.0
EFTA	22.1	19.0
Rest of Europe	8.8	3.9
Total for Europe	68.5	81.9
United States	8.5	7.2
Japan	2.8	2.8
Other nations	20.2	8.3

But there are other elements in

the complete picture of Switzerland's trade and business relations with other nations. Swiss traders and industrialists long ago realized that in order to penetrate more efficiently their potential markets abroad, they had to set up subsidiaries in other countries.

They followed this policy so well that when World War I erupted many Swiss firms had several subsidiaries, for sales or production, throughout Europe and overseas.

The creation of the Common Market saw this process of investment abroad continued by the Swiss, and in fact accelerated by them.

Prof. H. Schwamm, of the University Institute of Advanced International Studies and the University Institute for European Studies at Geneva, published last year a report on a survey of Swiss industries' penetration into the Common Market. He wrote:

"Taking into consideration only cases of Swiss firms establishing branches (production or trading subsidiaries) in the EEC countries between 1961 and 1971 (first quarter only), we find engineering firms the most 'aggressive,' with 114 operations, and electronics the least, with 30. Between these extremes come chemicals-pharmaceuticals (108), electrical engineering (83), metallurgy (37) and the food industries (32). Total: 374 operations."

"As for the geographical breakdown, Swiss industry tends to place most of its branches and subsidiaries in the Federal Republic of Germany (40 in engineering, 26 in chemicals-pharmaceuticals, 19 in electrical engineering, 12 in metallurgy and 9 in food industries). Italy also has been attractive to Swiss industrialists, with 31 engineering branches and subsidiaries, 30 in chemicals-pharmaceuticals, 10 in electrical engineering, 9 in food industries, 9 in metallurgy and 7 in electronics. France comes third, except in electrical engineering, where it ranks second, with 12 branches or subsidiaries of Swiss firms. France has Swiss operations totaling 21 in engineering, 15 in chemicals-pharmaceuticals, 6 in metallurgy and 8 in electronics. These countries are followed by

Belgium, the Netherlands and, well behind, Luxembourg.

"While Swiss industry invests most heavily in Germany (a survey of the Swiss-German Chamber of Commerce estimates that Swiss capital investments in West Germany had reached a nominal value of more than four billion francs on June 30 last year), it can hardly be claimed that the other EEC countries are neglected; on the contrary, operations are fairly evenly spread over the EEC area. The question is whether this distribution is due mainly to the ubiquity of multinational groups of Swiss origin or to the particular of more average-size Swiss firms. Only a scrutiny of the individual firms involved would give the answer."

"Considering, however, that most of the Swiss plants, all multinational, were already established in all Common Market countries long before it came into existence, and that all these groups have done since was to uphold and strengthen their position, we may well take it for certain that a considerable number of medium-size Swiss firms were keen to establish themselves simultaneously in several markets, with the object of spreading the investment risk more widely, especially during the period 1962-1966, when the EEC was not yet certain, so far as they could see, to last."

Examining the links which have been established between Switzerland and EEC members leads to the question of why this country seems so eager to sign an association treaty, at the risk of disturbing its relationship with other commercial partners.

If trade negotiations between the EEC and the six remaining members of the EFTA should unexpectedly fail, Switzerland would find itself cut off from its traditional and most important trading partners by a tariff barrier—an insupportable situation.

But the EEC negotiations with the EFTA survivors—Switzerland, Portugal, Austria, Iceland, Sweden and associate Finland—are expected to succeed, and the Common Market is expected to continue free trade with them.

This extension of free trade

would be a victory for the Swiss economy and for the free-trade policy to which this nation has adhered since the end of World War II. "Switzerland's endless, obstinate fight has been the dismantling of tariff barriers," a Swiss journalist wrote recently.

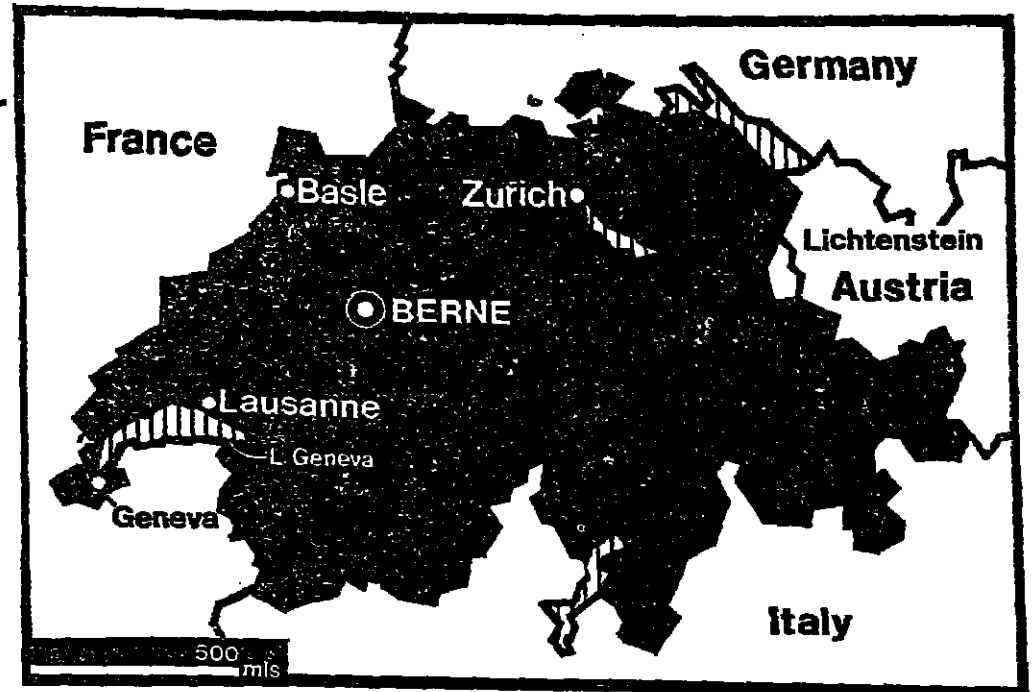
As a free-trade crusader, Switzerland has always viewed the EEC as a necessary development on the road to Switzerland's distant goal. Although barred by its neutrality policy from joining the potential political entity of the EEC, Switzerland nevertheless fought for the creation of a strong EFTA to insure that the EEC nations would not erect protectionist barriers against those outside their community.

In pursuing this relaxation and removal of tariffs on a global scale, Switzerland has emerged—with the full support of its economic and political leaders—as a champion of the Kennedy Round of GATT negotiations. Initially bogged down in what seemed petty bargaining, the talks could reopen in 1973 and achieve what the Swiss could consider real breakthroughs for their free-trade fight.

For that reason, it has insisted, on its talks with the EEC in Brussels, that GATT principles apply to any association accord between the EEC and Switzerland.

The Swiss are well aware that any such association with the EEC would probably require some deep changes in Swiss institutions, to make the economic system here more parallel to that in the EEC. Switzerland could not, for instance, maintain for a protracted period its present tax system, so markedly different from the tax setups in the EEC.

It is for the possible purpose of negotiating about such tax discrepancies, as one example of a matter for debate, that Switzerland wants the "evolutionary clause" in any accord with the EEC, to provide for future flexibility in its economic adjustments. Switzerland, after all, wants to continue as much as possible to do as it has been doing, so prosperously, but it also admits the need of concessions to trade partners in return for a share of their markets.



### Switzerland in Profile

**Area and Population**—41,288 square kilometers, or 15,941 square miles, with 5.5 million inhabitants in the 1960 census. By comparison, New Jersey has a little less than half that area, with a 1960 population of 8,100,000 inhabitants. German is the dominant language in 19 of the 26 Swiss cantons, French in five and Italian in one. Of the people, 74.4 percent spoke primarily German in 1960, 20.2 percent French, 4.1 percent Italian and three-tenths of 1 percent Romansch, the latter mostly in the canton of Graubunden.

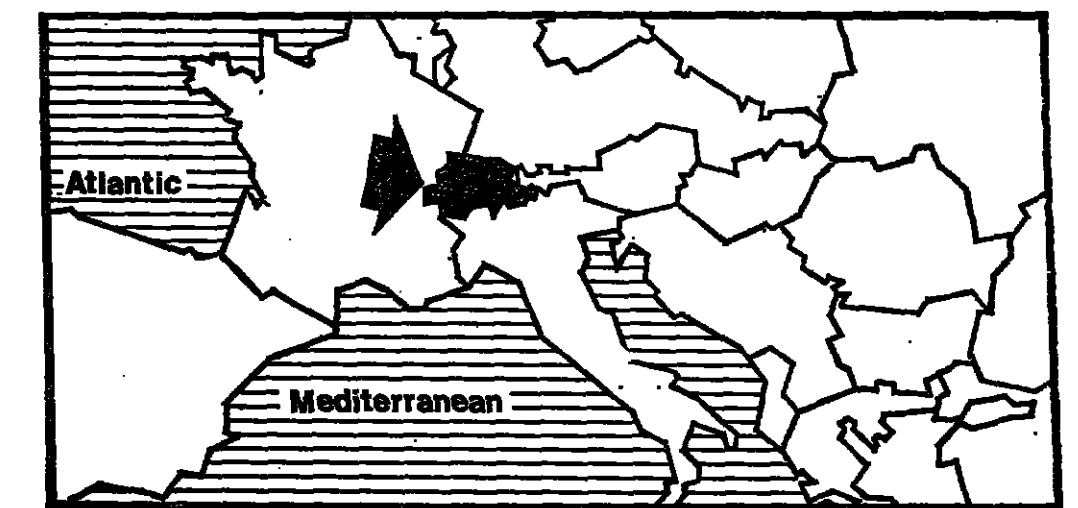
**Government**—The federal government in this confederation of cantons, a confederation that began with a defense treaty in AD 1291, consists of a Federal Council (cabinet), whose president is the president of the confederation; the Council of States, with 50 members, and the National Council, with 200 members. The Council of States members are elected according to cantonal laws, the National Council membership in a general election every four years.

**Education**—Is administered by the cantons. There are seven universities, two technology institutes and one school of economics and social sciences.

**Agriculture**—About 24.4 percent of the total of 4,128,750 hectares are unproductive. Of the productive area of 3,121,080 hectares, 880,650 are wooded. In 1969, 260,400 hectares were arable land, including vineyards; 1,079,630 hectares were pasture land, 683,371 hectares permanent meadow and 106,751 hectares artificial meadows. There were 149,306 farms, with a total of 1,079,599 hectares. The gross value of agricultural products in 1968 was estimated at 4.195 billion francs. Chief food-producing industries are cheese, butter, sugar and meat.

**Industries**—The chief industries are textiles, wearing apparel and footwear; chemicals and pharmaceuticals; bricks, glass and cement; basic iron and steel and other metals; machinery (including optics), and watches and clocks.

**Labor Force**—The total working population was 2.9 million in 1965, of whom 51 percent were in manufacturing and construction, 40 percent in service industries and 9 percent in agriculture. In 1969, the resident labor force of foreigners was 658,229, with almost 400,000 of them being Italians.



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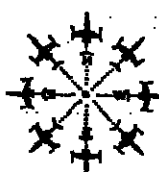


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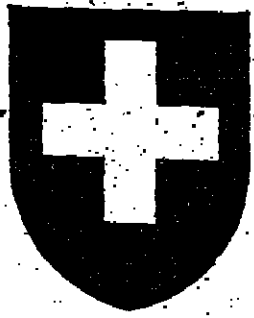
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## Switzerland—Italian Style

By Stuart Troup

**LOCARNO (CHT).**—They are sitting now just above this lakeside resort full of subtropical foliage, where a rare overnight snowfall leaves pretty little sculptures resting in the palms.

Many of the enthusiasts will continue to ski the slopes of Cardada and Cimetta into April, while minuses, camellias, azaleas and wisteria invite the less hardy to the balmy lakeside villages. And the lure of the lakes, the mild climate and the summer sports will last until the skiers trek back up the slopes next autumn.

The tourist season, like the mountain-top snow, never disappears from the Swiss canton of Ticino, which stretches south from imposing St. Gotthard through the deep mountain wrinkles that course to Lake Maggiore, Lake Lugano and Italy. It is Switzerland, Italian style, and close to 850,000 persons arrived to see it—to relax in it, to play in it—in 1971. But the tourism people object to the word "arrived."

"The arrivals do not have so much importance for us because we reckon the overnights," says a spokesman for the Ticino Tourism Association. "Economically it is not the number of persons which is important, it is how long they stay." The number of so-called "overnights" last year was 5,600,000, of which 750,000 were spent during the winter.

### Year-Round

The tourism association sees the tourist season as spring, summer and autumn—and the figures support that view—but the presence of the lower Alps and the impressive facilities at Airolo, Cardada and Cimetta have made the presence of skiers a vigorous added income.

The greatest number of tourists, aside from the Swiss and visitors from Liechtenstein, come to Ticino from Germany (about 20 percent). The tourist association lists visitors from Italy as the next largest group (about 10 percent), with visitors from virtually every other European nation comprising the balance.

The number of American tourists has been low, apparently because few of them tour Europe by car or train, and Ticino's airport at Agno cannot handle large jets. Only about 2 percent of all tourists arrive at Agno Airport.

A number of charter flights for tour groups, however, have been arranged by agencies. Those flights land at either Zurich or Milan and reach Ticino by train or bus. The principal organizers of the charter flights have been English agencies: Swiss Travel Service, Swiss Hotel and Travel Bureau, Cosmos and Cook.

Ticino is a province of sharply rising mountains in the north—therefore one of deep passes and high valley wildernesses. It is a countryside of gentle hills, picturesque lakes and a Mediterranean-like climate in the south—therefore one of subtropical plants and fruits growing within sight of mountain peaks. And there are pathways everywhere from which to see it.

At the north, it is the great watershed of western Europe. From the heights of St. Gotthard flow the Rhine to the North Sea, the Rhone to the Mediterranean and the Ticino—through Lake Maggiore and the Po River—to the Adriatic.

### The Ticino

It is the Ticino River that gives the canton its name. Its course to Lake Maggiore is

*A mutation: a Mediterranean climate, an Alpine geography, a winter and summer sports center and the Swiss hospitality.*



Now there is snow on the palm trees.

through the Leventina Valley, whose northernmost principal village is Airolo, on the southern slope of the St. Gotthard Pass. Airolo is gaining a fine reputation as a ski center, but it is ideal in summer, as well, for walking tours and mountain excursions.

A bit farther down the valley is Piora, from which a funicular provides a mountain-top ride to Lake Ritom. The resorts of Ambri, Plesio, Rodi and Faldo—the latter two with skilifts—follow, their houses gracefully and sometimes precariously perched on the valley's hillsides.

By the time one reaches Giornico in the lower Leventina, the first vineyards can be seen. And at Biasca—the foot of the valley—another glorious valley, the Biasca, stretches directly north and the Ticino River wanders south toward Bellinzona.

The trip north through the Biasca, by a car or electric railway, leads to the summer resorts of Olvone and Acquafredda, which has a reputation for its springs and baths. South is Bellinzona, capital of the canton, with three well-preserved and imposing castles from the Middle Ages overlooking its sprawl from graceful hillsides.

Still following the course of the river, from Bellinzona it is a short drive to Lake Maggiore and Locarno. Maggiore, like Lake Lugano to the east and south of it, is massive, beautifully framed by the subalpine mountains and dotted at its shores with charming villages and glorious vegetation.

The lake itself, of course, is a great attraction for sailors, water-skiers and—still—bathers. There was much fun last summer about pollution in Maggiore and Lake Lugano, but neither lake has totally succumbed to the effluents that are destroying other resort waters. What is more, the Swiss are doing something about it.

"New canals and clarifying plants are under construction," the Ticino association spokesman says, and adds: "Bathing is allowed in the lakes of Lugano and Maggiore with few exceptions in certain areas in the bay of Lugano, Agno and Locarno."

Locarno is a comfortable resort village from which—if one tires of the lake shore promenade, or of the fresco-adorned walls of its Castle of the Visconti, or of its pilgrim's Church of Madonna del Sasso or of its charming streets—one can take day or half-day trips to its incredible surroundings.

Most obvious, certainly, are the boat excursions—nearly the one to the lakes of Brissago, which contain subtropical botanical gardens. But there is also an electric railway to Brissago in the Maggia Valley, and from there a road to Pusio (4,270 feet high) and a path to the Bavona Valley as far as San Carlo. Mountain tours from San Carlo are organized to Basodino Cabbio, which is 6,190 feet high.

From Locarno, there is bus service, too, to the Verzasca and the Osseronne valleys. And there is a suspension railway to Mount Cardada, from which a chairlift continues to Cimetta, which is 4,950 feet high.

The Centovalli can be reached from Locarno by an electric line that runs westward all the way to Domodossola, in Italy. The Centovalli, which means hundred valleys, is a rugged wilderness

sprinkled with the characteristic, stone-constructed villages of Ticino.

Closer to Locarno, and certainly worth visits or stays, are the villages of Ascona, Locarno and Arona. Ascona is at the edge of the lake and has a full complement of sports facilities. Locarno lies behind Mount Verita, and—even if it were not so fine a place to visit—is worth the trip if only for the pretty walks that can be made through the forest to reach it. Arona is about a mile from Locarno, high on a hill, and filled with delightful landscape.

### Lugano

Southeast of Locarno is Lake Lugano and its principal city, Lugano—a warm, luxuriant resort on the southern slopes of hills that gently descend to the lake. It boasts the greatest number of sunshine hours of all central European resorts; it is sheltered from north winds by a chain of mountains, and its tourist office asserts that it is a health spa... "acting on the nervous system... stimulating... health-giving to the heart, circulation and respiration." Perhaps, but foremost...

Lugano is a lovely place to be, and from which to wander by car, bus, boat, rail, cable or foot. There is a wide choice in accommodations among its 200 hotels, some of which have swimming pools. And when one has tired of Lugano's endless panoramas, there are others to be seen via funiculars to Mount Bre and San Salvatore. Excursions are organized to the Malcantone area via electric railway through typical Ticino villages like Bioggio, Magliaso (which has a new 18-hole golf course), Caslano and Ponte Tresa.

The vineyards, the chestnut groves and even the cornfields of the Lugano area are worth seeing for the panoramic settings of which they are part.

One trip from Lugano is a must, a trip to Capolago, where a cog-wheel railway climbs to Mount Generoso (5,500 feet high) with a stop at Bellavista (4,013 feet). The rail ride is an hour to the summit of the mountain, from which there is a superb view of the Italian, Swiss and Austrian Alps and of the north Italian lakes, the Po Valley and the Apennines to the south. Three to five trains make the trip daily from early spring to late fall.

Accommodations can be had at Mount Generoso, making it possible to leave Lugano in late afternoon to see the sunset from the mountain (or the next morning's sunrise) and to return to Lugano after breakfast.

### A Mutation

Throughout the canton, there is an extensive range of facilities, with 28,443 beds available in hotels and pensions and 5,021 in private houses. Tennis can be played indoors and out at Locarno, Lugano, Agno, Campione and Ascona; a new sports center has been established at Carona and another at Bedano, and lessons in water sports are available all along the lakefronts.

The tourist association notes that there will soon be more. A convention house is planned for Lugano, along with a public enclosed swimming pool; there will be a cableway to Mount Tamaro; a new sports center is planned at Origgio, and a number of new hotels are being built.

Switzerland, Italian style, is a mutation: a Mediterranean climate, an Alpine geography, a winter and summer sports center and hospitality as only the Swiss have a reputation for providing it with an Italian flavor.

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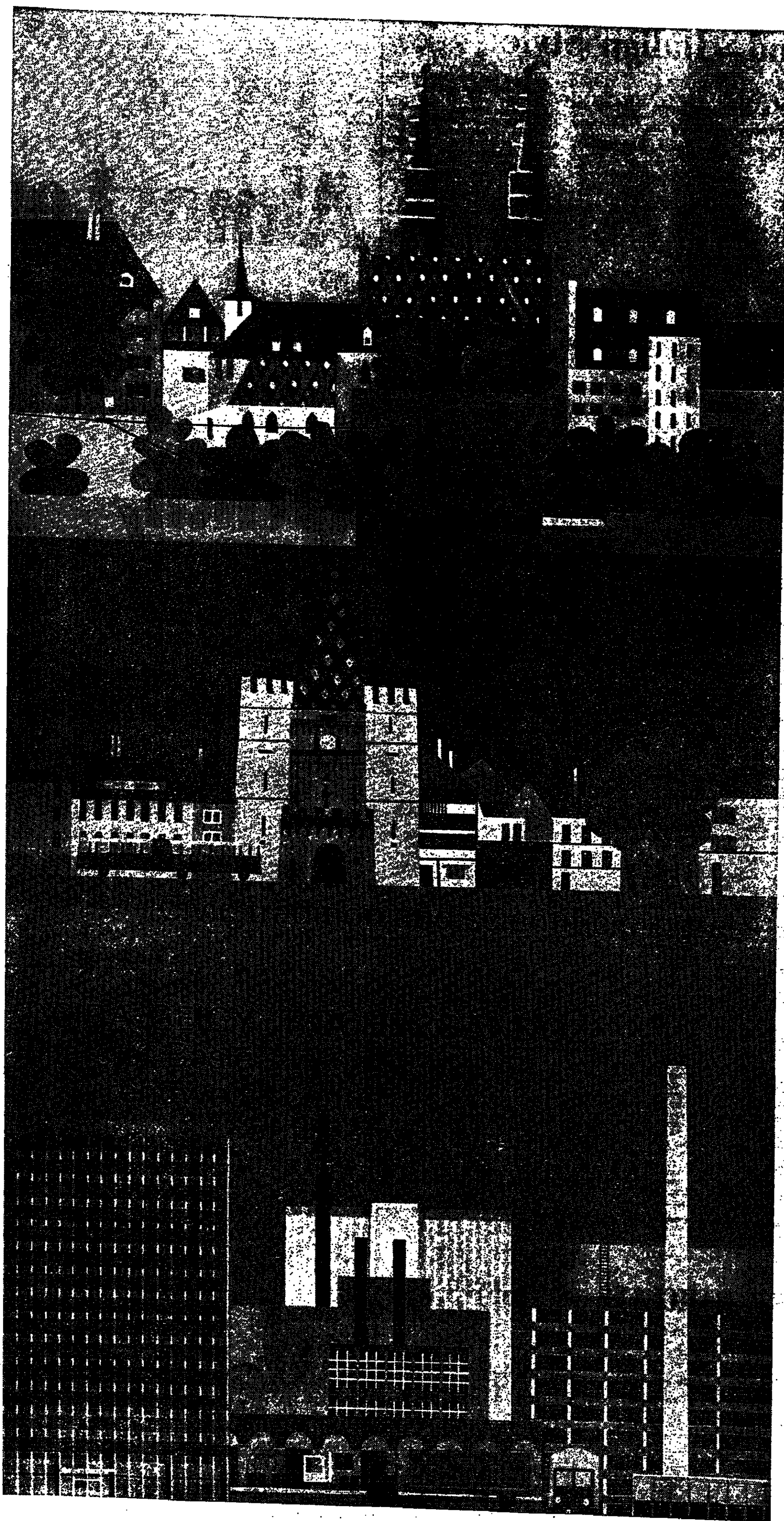
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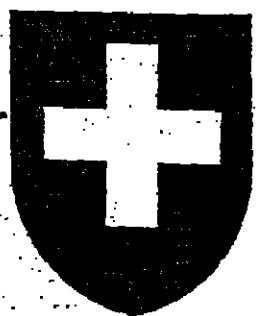
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## Tourism: New Trends and a Time of Transition

(Continued from Page 7)

pay as little as 20 or 25 francs a day for full pension. Almost anyone can afford a skiing vacation at that kind of Swiss resort. (The Swiss franc is valued at about 2.35 to the dollar.)

Another bit of encouragement for travelers on a budget may be the introduction on March 1, 1972, of the Swiss Holiday Pass. This simplified form of the Swiss Holiday Ticket, which now provides reduced rates for travel by foreigners in Switzerland, will operate rather like the Eurailpass (which continues to be good for travel in much of the country). The Swiss Holiday Pass will only be sold outside Switzerland, and will be available to any non-resident of Switzerland. It will offer unlimited travel on most Swiss railways, tourist boats and postal buses for periods between 8 days and a month.

Prices range from '80 Swiss francs for a 2d class pass good for 8 days, to 240 Swiss francs for a first class pass valid for a month.

Summer has traditionally been Switzerland's major tourist season, and so it remains, according to Mr. Birman, but winter is catching up.

"Except for those tourists who want to go to Geneva to the Grand Théâtre and see an opera, or come here and see Mureyev at the Zurich Opera House," Mr. Birman said, "the winter season is restricted to our ski resorts. Holidaymakers tend to rush through the cities to get above the clouds to those sunny ski areas—and they are always packed full."

According to Mr. Birman, "Of an estimated six billion francs spent annually by native and foreign guests in Swiss tourism, more than two-fifths of this amount may now be credited to the winter period."

And what about competition from other winter sports areas?

"Well, we do have quite a bit of competition in winter now," Mr. Birman said. "The French are making tremendous efforts, building new, futuristic-looking 'stations'... And Italy is advertising in the United States that 'The Alps Belong Mostly to Italy—you see, they have measured them and figured out they have the biggest share of the Alps.'"

"But business is so good here that it's not necessary for the time being for us to really do anything to meet this competition. Besides, when we are very liberal in Switzerland," he added, with a smile, "we think, all right, let the people find out for themselves. Let them compare, for instance, what they get in Austria and in France and so on."

### Competition

Do the Swiss feel any competition in winter from warm weather vacation areas, such as North Africa?

"Oh, no," said Mr. Birman, "this is an entirely different clientele. Besides," he added, laughing and assuming the tone of a Swiss schoolmaster, "in my opinion, going from the cold of winter to a tropical area is something unnatural. I can't imagine that such abrupt changes of climate is very good for your general constitution—put one back all sunburned and then you catch cold! Anyway, the Alps are so strong in Switzerland with its ultraviolet rays that, especially if you wait until March, it can be just as warm as in a place like Tunisia."

More and more Swiss resort hotels and communities are building indoor swimming pools, according to Mr. Birman—sometimes offering sunbathers an outdoor area or something even in midwinter.

And are the Swiss expanding geographically into new tourist markets?

"Well, we have our first group of journalists visiting from Communist China this month," said Mr. Birman, looking pleased.

### The Visitors

As it has done regularly since the turn of the century, Germany led the list of countries from which visitors came to Switzerland in 1970 (the most recent year for which detailed statistics are available), accounting for 27.5 percent of overnight stays by foreigners.

France was in second place, with 13.2 percent, followed by the United States, contributing 12.8 percent, and the United Kingdom and the Irish Republic, with a total of 10.9 percent.

Next came Belgium (8.7 percent), Italy (8.5 percent) and the Netherlands (5.9 percent).

The number of overnight stays in Switzerland by visitors from the United States continued to increase remarkably in 1970, by 18.4 percent over 1969 figures.



Swiss National Tourist Office.

And the 1969 increase over the previous year had been 23.3 percent.

Other noteworthy increases in overnight stays from 1969 to 1970 were registered by Japan (35.4 percent), Yugoslavia (14.5 percent), South Africa (14.9 percent), Argentina (13.2 percent), Turkey (15.1 percent), Australia and Oceania (17.1 percent) and India and Pakistan (calculated together despite the vagaries of their politics, with 29.5 percent).

Decreases in overnight stays were recorded during the same period by Eastern European countries (-21.4 percent), Tunisia, Algeria and Morocco (-27.9 percent), the United Arab Republic (-10.6 percent) and Israel (-7.1 percent).

### 2 Percent Growth

These totals represent a growth of about 2 percent over tourism figures for the year 1970, according to Dr. Werner Kampten, General Manager of the Swiss National Tourist Office. While the 1970 rise had been more than 5 percent above the previous years, and the growth rate in 1969, 3.8 percent, Dr. Kampten feels that it is too soon to judge whether this decline in the percentage of increase of tourists in Switzerland represents more than a temporary drop.

"This slowdown has taken place not only in Switzerland," he says, "but in many other countries, too—perhaps as the outcome of worldwide conditions such as higher unemployment and devaluation and revaluation of currencies."

Of the ten tourist regions of Switzerland, the traditionally popular Lake Geneva area led in total overnight visits in 1970, with 2,444,000. The Grisons region was in second place, with just under 6,000,000 overnight stays. The other areas, listed in descending order of overnight visits in 1970, are: Bern Central Switzerland, Ticino, Valais, Zurich, Northeast Switzerland, Northwest Switzerland and Fribourg, Neuchâtel and Bernese Jura.

The regions of Ticino (which is also known as Tessin) and Central Switzerland showed the largest relative increases in overnight visits for 1970 (10.2 percent and 9.5 percent respectively).

Although it is incorrect to suggest that Switzerland lives only from its tourist trade, tourism is indeed an important factor in the Swiss economy.

It is estimated that only 50 percent of Switzerland's six million people can be fed on the products of the Swiss soil. The other three million must be permanently dependent on imported food.

To pay for increasing imports of vital goods from abroad Switzerland must rely on its export industries.

### Export Values

The Swiss Federal Bureau of Statistics provided the following list of export values for 1969:

1. Machinery 5,660 billion Swiss francs
2. Chemical and pharmaceutical products 3,500 billion Swiss francs
3. Tourism 3,100 billion Swiss francs
4. Watches 2,817 billion Swiss francs
5. Textiles 1,260 billion Swiss francs

Tourism, which produced the third highest total income on the

list, is considered an "invisible export."

According to the Swiss National Tourist Office, gross income from tourist expenditures in Switzerland now amounts to 8 percent of the total national income.

Tourism ranks consistently as the largest credit item in the Swiss balance of trade and the total capital invested in tourist-related facilities is estimated at 8 billion Swiss francs. Some idea of the importance of hotel-keeping in the Swiss economy is indicated by the ratio of hotel beds to the country's total population. According to the Swiss National Tourist Office, in 1969 Switzerland had a total of 261,981 beds in hotels, motels and pensions. This was equivalent to 43 hotel beds for each 1,000 inhabitants—the second highest figure for all major tourist countries. In first place came Austria, with 59 hotel beds per thousand. The United States and France had 29 and 25 hotel beds respectively for each thousand people.

Switzerland reported an increase in total hotel beds to 265,992 in 1970. A number of factors have contributed to Switzerland's success as a tourism center—among them are the country's compact size; its enthralling diversity of cultures (as their mother tongue, 75 percent of the Swiss speak German, 20 percent speak French, 4 percent speak Italian and 1 percent Romansh); the reputation of the Swiss people for being honest, pleasant and peace-loving; the country's extensive and efficient systems of transportation; and its highly developed facilities for all types of summer and winter recreation.

The major tourist attraction

though, continues to be the variety and grandeur of the Swiss landscape itself.

Many people feel that it must be strongly defended today in order to be enjoyed in its natural state by the tourist of this year and ten years from now.

National nature protection laws have recently been enacted in Switzerland. Many cantons have banned the use of snowmobiles within their areas. Arguments are in progress over whether construction of skyscraper-type accommodations should be allowed in Swiss Alpine resorts.

### The Future

And for the tourist of the future?

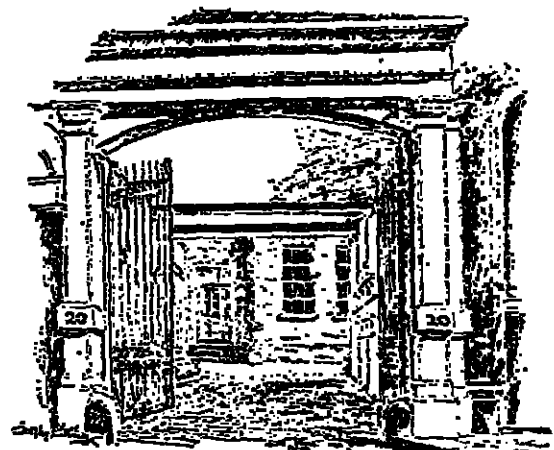
"It is becoming ever more clear," Dr. Kampten says, "that the tourist of the next century will be a person enjoying mostly free-time who will regard transport purely as a means of getting into as quickly and comfortably as possible away from his concentrated center of population to his chosen recreation area."

"He must literally re-create himself in a health-giving environment. He will want to fill his lungs with fresh air in extensive nature reserves, themselves the last natural lungs left over in this polluted globe."

"More than ever," he continues, "tourists desire a vacation-land with endless horizons. Switzerland's wild, untouched Alpine valleys especially impress our guests from densely populated cities. And the Switzerland of tomorrow must guarantee these health-giving open spaces. This is more important than mere technical development of hotels and holiday centers."

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Current Accounts—Secured .....	420,936	Sundry Liabilities .....	5,149,776
Fixed Advances and Loans—Unsecured .....	598,875	Share Capital .....	30,000,000
Securities and Investments .....	31,082	Legal Reserves .....	70,000
Sundry Assets .....	287,358	Retained Earnings .....	3,501,330
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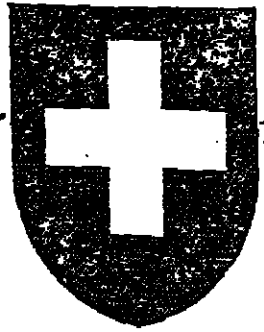
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## The Mutual Fund Market: Strength and Change

By Jan Nugent Pearce  
**ZURICH**—Swiss mutual funds had a good year in 1971, despite the international currency crisis and uncertainty on the American and Swiss stock markets. The number of foreign funds selling here dropped sharply, the result of a new law governing their operations, and their redemptions exceeded sales in the second and third quarters.

Swiss funds' sales of 1.5 billion Swiss francs from January to September exceeded the total amount sold in 1970, the previous record sales year. Funds with

foreign investments paid a price during the monetary upheavals, but generally dividends were stable, or a bit higher, in the year.

The composition of the Swiss mutual fund market has changed drastically since the late 60s, when well over 100 foreign mutual funds captured three-fourths of the market. The sales figures illustrate what has happened:

In 1969, foreign funds' sales exceeded 757 million Swiss francs, and relatively few people cashed in their shares. Sales dropped sharply to 481 million francs the next year while redemptions

jumped substantially. In 1971, there were 67 foreign funds operating, and redemptions exceeded sales during most of the year.

### A New Law

Some of the drop was caused by a crisis of investor confidence and currency and stock market problems. But much was due to the effects of a new law drafted by Swiss authorities after observing the crisis of IOS and several other go-go funds, many of whom had luxurious headquarters in Geneva.

In contrast, Swiss funds' sales

remained relatively stable during 1969 and 1970 and increased in 1971. Redemptions grew somewhat last year, but remained generally moderate.

The new Swiss regulation for foreign funds became effective in 1971. Its provisions (and its effect on the market) are similar to those of the new German mutual fund statute.

Switzerland now requires each foreign fund to appoint a Swiss bank with minimum capital of 27 million Swiss francs, to handle its advertising, distribution and act as its cash depository. Subscribers must be able to cash in their shares at any time.

### Investment Policy

The new rules also cover investment policy. They forbid foreign funds from making hedge transactions or short sales. They cannot buy stock in other mutual funds or take up more than

10 percent credit compared to their total assets.

Independent auditors must check the annual financial figures, and each fund's prospectus must be in one of the Swiss languages—German, French or Italian.

Foreign funds that cannot meet these requirements are not allowed to sell in Switzerland. Although there have been complaints, Swiss officials insist they have merely tried to apply the same rules to non-Swiss and Swiss funds in order to protect investors.

The Swiss are inveterate savers and investors. According to official statistics, the per capita investment in mutual funds is 1,300 Swiss francs—well above the comparable American or German figures.

"The Swiss funds are generally a sound, conservative lot. Most of them are owned by Swiss banks, who publicize them widely as a good investment prospect for smaller investors."

Many foreigners also invest in

Swiss funds because of a favorable tax advantage available to them. The customary 30 percent tax on share profits can be avoided by foreigners if 80 percent of the fund's income comes from foreign investments. No one knows how many foreigners own Swiss fund shares, but some funds report 80 to 40 percent of their shareholders are non-Swiss.

INTRAC, Switzerland's largest with total assets of 3.3 billion francs, is owned by Union Bank, Switzerland's largest bank. It was founded in 1938 and now manages 14 funds. Each of the big banks manages a string of funds, whose investments range from securities, bonds and real estate to miscellaneous investments in specific countries.

During 1971, sales of both funds—regarded as a good vehicle for cautious investors—showed very heavy gains. Real estate funds, which are strictly regulated under Swiss law, sold well, but their increases were not as great.

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## The Insurance Business

By John M. Pearce

**ZURICH**—For most of the Swiss insurance industry, 1971 was a good year. The life insurance giants registered substantial gains in premium income despite lower tariffs introduced the previous year, and the other types of companies were not far behind.

Only in the field of automobile liability insurance was the picture gloomy because the companies, despite higher premiums, had not recovered from a sharp and unexpected increase in claims payments in 1970.

"The field of insurance can look back on a satisfactory year, although developments varied from branch to branch," Swiss Credit Bank reported in its analysis of the industry at the end of 1971.

In life insurance, the companies look forward to continued growth.

Raymond Devrient, chairman of La Suisse insurance company, wrote at the end of last year that despite "signs of a certain economic leveling off," incomes should continue to rise, "as well as the savings activity and the need for protection upon which the field of life insurance is built."

Switzerland has an extraordinarily high savings rate—13.1 percent in 1970—and the government is trying to encourage this tendency to keep free money from making the nation's inflation worse than it already is.

Plans to encourage further savings as part of its "three-pil-

lar" insurance program of increasing pensions, mandatory social insurance for old age, death and disability, and savings.

In the view of Peter Brechtbühl, general director of the giant VITA Life Insurance Co. and president of the Association of Swiss Life Insurance Companies, the industry can and must grow.

In an interview in his Zürich office, Mr. Brechtbühl said: people's everyday uncertainty about life "is somewhat more than in the past," and it leads them to take out insurance policies.

People seek new methods of protection, for themselves and for their families, because of modern-day hectic life, he said. One goal they have is preparing for their old age, so they buy insurance policies that will provide them a retirement income to supplement the state pension, he said.

Swiss insurance is an international business, and has been for years. Transportation companies have long insured the commerce financed by Swiss banks, and Swiss money was instrumental in rebuilding Europe after World War II. In Frankfurt, for example, several office blocks were built by Swiss insurance companies, including the building housing the U.S. trade center.

They also sell insurance in other countries. Mr. Brechtbühl said, for example, that VITA's largest growth last year was in Germany.

The Swiss companies take a somewhat different approach to investment than their American counterparts.

In Switzerland, 21 percent of their money is in real estate,

which American companies are not so heavily involved in, but American companies invest more in bonds and other securities.

The Swiss life companies' largest investment, 39.5 percent, or almost 7 billion Swiss francs, is in mortgages at the end of 1970, the latest date for which figures are available.

In automobile insurance the figures are less rosy than in life insurance.

Swiss Credit Bank said the automobile insurers' premium income rose sharply in 1971 (although final figures are not yet available), but it was not enough to offset the poor results of 1970, when they had to wrestle with reduced premiums and higher claims at the same time.

The rising cost of auto repairs still put pressure on the companies, and a requested premium increase for autos and motorcycles is being appealed to the government after the Federal Insurance Department granted its permission.

In fire insurance, the companies had to cope with an unusually high number of damage claims, most of which will be passed on to the reinsurance companies.

More attention is being paid in Switzerland to fire prevention, and the cantons are being urged to update their fire regulations, as Swiss Credit Bank said, "to take advantage of modern construction materials and the latest fire prevention techniques."

Theft insurance had a second bad year in 1971, and responded by raising premiums and insisting on tighter security methods.

## A Swiss Turntable

(Continued from Page 7)

ment opportunities are limited. This is where Switzerland's function as an international financial turntable is most evident. Finding ways to use these funds to make more money has taxed the ingenuity of the country's financial institutions.

Switzerland acts as intermediary for portfolio capital, international money transactions and also for direct investment funds. The intermediary role increased during the 1960s with the growth of the Eurocurrency markets, in which the Swiss banks played a leading role. Since Switzerland has no domestic money market, the Eurocurrency market has fulfilled this function in recent years.

It has been estimated that 15 to 20 percent of the total \$50 to \$60 billion Eurodollar market is provided by Swiss banks. Their clients also buy most of the Eurodollar issues floated by governments and large, multinational companies. In 1968, about half of the \$2.5 billion of Eurobonds sold were purchased by Swiss banks for their customers, according to one source.

One of the most important (and most sensitive) operations on the Swiss financial scene is the foreign exchange activities carried on there by Swiss and foreign banks. Major world currencies have shaken in their parties when "the gnomes of Zurich" expressed pessimism over their future and acted on it on the exchange floor.

Foreign companies have long been aware of the efficient, well-developed Swiss bond market, with an annual volume around \$700 to \$800 million. Access to the market is controlled by the Swiss National Bank and the average waiting period is two years. During the time lag, increasing numbers of non-Swiss companies take the opportunity to get loans from the Swiss banks.

In addition, many foreign companies direct their overseas operations through Swiss-based holding companies, of which there are more than 6,000. Many of these are used principally to channel funds from the parent company to its foreign subsidiaries overseas.

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## Bank Experts Dismiss Euroslump as a Myth

By H. Erich Heinemann

FRANKFURT (NYT)—Disaster is not a word that is not worried about unemployment.

His bank, the keystone of a business group with considerably more than \$5 billion in assets, is owned by the German trade unions, and thus its management presumably should reflect their viewpoint, at least in general terms.

But despite the evident economic slowdown in Germany this year, Mr. Hoffmann, in an interview here the other day, argued that control of inflation should have relative priority in government policy now. He added that whether Chancellor Willy Brandt's Social Democrats stayed in power in the general elections due in late 1973 would depend largely on their ability to reduce the rate of inflation to less than 4 percent.

**Business Demand a Worry**  
To be sure, Mr. Hoffmann is concerned that there could be a shortfall in the demand for capital goods this year, and he wants increased government spending to offset the decline in new orders that has showed up in the last few months.

But, assuming this is done, he is convinced that joblessness will not be an important political issue.

Informed analysts here doubt that the number of foreign workers—more than 2 million—will decline substantially this year, and in the meantime there are

still twice as many job vacancies as there are unemployed.

Conversations on a tour of European financial centers in the last few weeks disclosed a fairly general tone of optimism about the business outlook here, and a widespread disbelief that the 1972 slowdown would come anywhere near the scale of a "recession."

One banker, who was perhaps overstating the matter, went so far as to describe the 1972 "European recession" as a "myth, invented by the newspapers."

**Implication for U.S.**  
For the United States, a strong European economy in 1972 could imply new problems on the balance-of-payments front. Even now, with German business, especially, stalled in midwinter doldrums and the expected pickup in the economy still around the corner, short-term interest rates in the United States are well below those in Europe—a major factor in stalling the inflow of international capital back to the dollar and a major force in keeping the dollar under pressure on international exchange markets.

Should the expectation of a relatively good business year in Europe be realized, this could put upward pressure on money costs on this side of the Atlantic and prevent a closing of the rate gap—even if the Federal Reserve System pursued a somewhat more restrictive policy.

Consider these views of the European economic outlook:

• The government and the Austrian National Bank have just announced a package of measures designed to mop up excess liquidity in the economy, scale back government efforts to stimulate business and limit borrowing for new expansion. "The trade unions are being asked—in conversations still going on—to moderate their wage demands."

• Officials at the Swiss National Bank state flatly that "we cannot speak of recession." The main problem in the Swiss economy, they state, is the scarcity of labor, so that "there is no real risk of unemployment." While the domestic demand for goods and services, they say, is likely to remain high, there was hope that a somewhat slower business pace elsewhere in Europe would lead to a "normalization" of the presently excessive demand for Swiss exports.

• In Frankfurt, Herbert Wolf, economist for the Commerzbank, said simply that the expected recession "will not take place." Mr. Wolf is prominent among those (Continued on Page 17, Col. 3)

### Industrial Sales Rise 6 Percent in Germany

WIESBADEN, West Germany, Feb. 21 (AP)—West German industrial sales totaled 563 billion Deutsche marks in 1971, up 6 percent from 528.9 billion DM in 1970, the federal statistics office reported today.

The 1971 figure included exports of 110 billion DM, up 8 percent from 1970.

In December, industry sales totaled 49 billion DM, unchanged from November but up from 48 billion DM a year earlier.

Food and beverages posted the largest rise—27 percent—in 1971 exports. Consumer goods exports gained 7 percent.

## FINANCIAL NEWS AND NOTES

### Consortium Plans Alumina Project

Suntomo Chemical reports that an international consortium of six companies plans to invest about \$22 billion (yen 428 million) on a project to mine bauxite and produce alumina in the Kimberly area of Western Australia. The six companies are Suntomo Chemical, Showa Denko, Marubeni, Suntomo Shoji Kaisha, American Metal Climax and Holland Aluminum. Approval of the Japanese companies' plan to contribute 35.2 billion yen to the cost of the project is expected from the government around June this year.

Suntomo says. The consortium plans to build an alumina plant by early 1975 with an initial output of one million tons a year, which will be shared among the partners according to the scale of their investment, Suntomo adds. It notes that Amerox owns the bauxite mining rights in the Kimberly district of reserves estimated at about 200 million tons.

### Ford Control of Richier Approved

Ford has obtained French government permission to acquire control of Richier, a major producer of highway building equipment, the Finance Ministry has announced. Permission was given after the failure of efforts to find French financial backing for the firm. As a result, Ford has acquired 51.48 percent of Richier's outstanding stock at an estimated price of 66 francs per share and has obtained a solid base in Europe for expansion of sales of heavy-duty equipment. Richier has eight plants in France employing 5,000 persons.

### U.K. Food Group Acquires Chain

Cavenham, a British food group, has declared its 280-million takeover offer for Allied Suppliers unconditional and announced that it has 87.7 percent of Allied's equity. Cavenham has also won 90 percent of the voting rights of Allied, a retailing and wholesale company with 1,700 stores throughout Britain and extensive overseas tea plantation interests. Cavenham is to issue new shares, which have been granted a quotation, to Allied shareholders who accepted its offer.

### Through Recycling Process

### Central Banks Tied to Dollar's Weakness

By William Ellington  
LAUSANNE, Switzerland, Feb. 21 (AP)—The central banks added to the dollar's instability last year by allowing their currency reserves to be channeled through the Eurodollar market and back into official reserves in a kind of multiplication process. Union Bank of Switzerland disclosed today in presenting its year-end results.

Net profit rose 14.9 percent last year, the bank reported, to 14.1 million Swiss francs (1971 million), up from 12.4 million Swiss francs in 1970. Total income for the year was 17 billion Swiss francs, up 6.3 percent from 16 billion Swiss francs the previous year.

Even central banks from the Group of Ten indirectly contributed to the multiplication of dollar, though some of them at the time were trying to stabilize the dollar through support purchases. Philippe de Weck, a Union Bank director general, and J.M. Clerc, an assistant director general, told separate press conferences. They revealed:

• About 20 central banks, including some from the Group of Ten, accounted for "nearly all" the annual rise in Union Bank's Swiss-franc time deposits by customer banks. The deposits rose 4.54 billion francs (about \$1.13 billion) to 7.53 billion francs on Dec. 31.

### One Dollar—

LONDON (AP)—The late of closing interest rates for the dollar on the major international exchanges:

	Today	Previous
Rate (per cent)	5.80-5.85	5.80-5.85
Belgian franc	48.70-75	48.70-80
Deutsche mark	5.170-55	5.170-100
Dutch guilder	6.975-95	6.975-100
Free Fr. Fr.	6.970-45	5.975
Outlier	5.170-40	5.175-35
Swiss franc	6.80-70	6.80-80
Yen	6.80-115	6.80-120
Schilling	23.10-15	23.04-06
Sw. krona	4.797-705	4.795-80
Swiss franc	5.800-20	5.800-35
Yen	302.97	303.24

### U.K., German Insurance Accord

Royal Insurance, of Britain, says agreement has been reached for its acquisition of 10 percent of the equity capital of Aachener und Münchener Versicherung, a major West German insurance company. Royal Insurance will purchase 10 percent of the German company with 647,300 of its ordinary stock units worth about 23.7 million. The companies have also reached trading agreements whereby each will be able to use the other's facilities to write insurance in West Germany and Britain. The agreement is subject to government consent and to the approval of a share increase by Aachener und Münchener holders.

### Soviet Union Plans 'Stretched' Tu-154

The Soviet Union announces it is building a new "stretched" version of its Tu-154 tri-jet airliner. Dmitry Markov, the Tu-154's chief designer, says the fuselage of the present model will be lengthened with midsection inserts, increasing the craft's payload to 230-240 passengers from 194. The plane made its first scheduled commercial flight, a 500-mile domestic run, two weeks ago. The present model has a cruising speed of 600 miles per hour and a range of 3,500 miles.

### Japanese Suspend Uranium Venture

Japan's nine major electric power companies decided to suspend their current joint development of uranium resources in Canada and the United States with Denison Mines of Canada, Tokyo Electric Power reports. Officials say the Japanese firms made the decision because Denison wanted to call off the project to avoid "investment risks." Prospecting began in August 1968, under a six-year contract.

### Polygram Eyes MCM Interest

Philips says that the Polygram Group, which it owns jointly with Siemens, is negotiating with MCM-Golden-Note for the possible takeover of MCM's record interests. A full statement on the project is expected soon, Philips says.

### Through Recycling Process

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### Real Estate Costs Burden Hong Kong's Economy

HONG KONG, Feb. 21 (NYT)—Where was the highest payment ever made anywhere in the world for a square foot of land?

Not in midtown Manhattan, central London or downtown Sydney. But in Hong Kong.

The outcry was U.S. \$611. And for 53,000 of such high-priced square feet the Hong Kong Island waterfront a total of \$43 million was paid out.

The figure illustrates the land shortage and high rentals that are burdening business and driving up the prices of everything in this high, overcrowded British territory.

The \$611 has not been equalled since Hong Kong Land Investment & Agency Co. paid out that amount in 1970 for a site on which a 59-story office building is under construction.

The Hong Kong Land building will be the highest in Hong Kong, demonstrating that, given such high-priced land, the only way Hong Kong can cope with its competition is to go up, and that it is going to become possibly the most skyscraper-studded city in the world.

But even the savings afforded by high-rise buildings are failing to keep rents at economical levels, and they are adding a massive amount to the cost of doing business here.

It is a constant complaint of manufacturers here that high land costs and rents for factory buildings are a major difficulty in their efforts to remain competitive in world markets.

More and more European concerns are also locating here. The result seems likely to be creation of the same conditions they have been trying to escape elsewhere.

## Air Business on North Atlantic a 'Wild, Competitive Jungle'

By Robert Lindsey

NEW YORK, Feb. 21 (NYT)—The North Atlantic air corridor between the United States and Europe—the world's richest, most heavily traveled, long-haul international air route—has become what travel experts say is a wild, cutthroat and increasingly dishonest competitive jungle.

On one hand, a bewildering battle among international airlines to fill their jets, illegal charter flights are flourishing, despite increased government efforts to halt them.

On another, regularly scheduled airlines are increasingly giving illegal under-the-counter kickbacks to arm-twisting travel agents in the theory that a little income is better than none at all. The agents and tour operators rarely—if ever—pass on the rebate to their customers.

The problem is rooted in a vast over-supply of airline jet seating capacity, and governments on both sides of the Atlantic are groping for ways to bring the situation under control. European civil aviation ministers are scheduled to begin a three-day meeting in Paris Wed-

nesday to develop a joint plan, if they can, to deal with the problem. Among other things, they will consider a proposal by the U.S. Civil Aeronautics Board (CAB) to liberalize its present widely ignored charter-flight eligibility rules so that millions of additional Americans could take advantage of the charter bargains legally.

Competition among airlines that fly the North Atlantic has been growing increasingly intense for the last three years. Last summer, it erupted into the "youth-fare war" and last fall scheduled airlines narrowly averted an anything-goes price war that would have ruptured their 26-year agreement to charge identical rates, but they did no

more than apply a Band-Aid to the problem without dealing with the underlying causes of overcapacity.

This year, spurred by a growing world surplus of jets that is bringing more and more European unscheduled airlines into the battle, the arrival of more high-capacity jumbo jets, and the decline in Vietnam military airlift contracts from the Pentagon, the competition is hotter than ever.

CAB investigators are looking into illegal discounting, which one airline source said last week had become "rampant, a way of life" in the North Atlantic market.

"A travel agent who's a good producer," an executive of a major airline said, "can place his business with any one of 20 or 30 carriers. So he comes to you and asks for a kickback if he buys 40 to 50 seats. If you don't give it to him, you know some-

## Regional Mart Battles Oxy Posts '71 SEC Membership Rule Net Loss of \$67 Million

By Clare M. Reckert

NEW YORK, Feb. 21 (NYT)—Occidental Petroleum Corp., reported over the weekend that its net loss in 1971 totaled \$67 million and that cash dividends on the common stock will be 1.00 penny suspended. In 1970, the company had a net profit of \$175 million, or \$3.92 a share.

Last year's loss is after a charge of \$88 million for the emergency tanker fleet. The charge, which included a reserve of \$65 million for possible future losses, resulted in an operating loss of \$63 million before extraordinary charges totaling \$10 million.

Operating profit before tanker and extraordinary charges was \$10 million, according to the report.

The emergency tanker fleet was created in late 1970 and early 1971 to provide additional capacity against a possible shutdown of production in Libya.

While some losses from fleet operation were incurred by the end of the 1971 third quarter, the company said it anticipated that the worldwide tanker market would improve in the 1971-72 winter season.

Tanker rates had improved temporarily, but a warm winter in Western Europe and an economic slowdown led to an oversupply of petroleum products with distress prices in heating and fuel oil, the report said.

Results last year were also adversely affected by an industry-wide strike that shut down the company's coal operations for almost seven weeks in the fourth quarter, with an estimated impact on profit of \$11 million.

Depressed petroleum prices in Europe in the second half of the year, lower Libyan production and poor results from domestic chemical operations were also cited.

Allied Chemical Fourth Quarter 1971 1970 Revenue (millions) 331.33 320.68 Profits (millions) 13.57 13.75 Per Share .050 .058

Revenue (millions) 1,225.89 1,218.48 Profits (millions) 55.26 62.25 Per Share 2.01 2.47

The investment company income made available all of the figures, including the ones showing the net redemptions on a seasonally adjusted basis. This press release accompanying its figures nowhere mentioned the seasonally adjusted figures, however, although these figures have often been mentioned in the recent past.

The institute chose, instead, to emphasize a rise in the assets of the 321 funds covered by the institute's survey that occurred in January.

The increase brought the industry's assets to a record total of \$56.7 billion.

### U.S. Savings Rate Of 8.2% Reported Highest Since '46

WASHINGTON, Feb. 21 (AP)—Americans saved their money at the highest rate since 1946, reflecting a lack of confidence in the U.S. economy, the Commerce Department said this weekend.

It said that Americans saved 8.2 percent of their take-home pay, the highest since the 9.5 percent recorded in 1946.

The savings rate in the last three months of the year came down to 7.8 percent, but economists still regard this as a high figure historically.

The savings rate is one of the key indicators of consumer confidence. But economists do not know how to measure its causes, since intangible factors such as fear of inflation, loss of job and national and international factors are involved.

A savings rate of about 6 percent of disposable personal income is regarded as about normal.

Profit Jumps 40.9% At Trust Houses Forte

LONDON, Feb. 21 (Reuters)—Trust Houses Forte Ltd. said group net profit rose 40.9 percent in the year ended Oct. 31.

Profit was \$8.75 million, or 195 pence a share, up from \$5.21 million, or 7.91 pence, in the previous year.

The group declared a total dividend of 30 percent, up from 30 percent in 1970.

Industry sources said the rebates often passed between airline employees and travel agents as cash. Other times, airlines are more discreet and pay for hotels, tours, sales literature, or other items for an agent in a package travel deal.

One source said the going rate recently for a round-trip New York-London 17-to-28 day excursion ticket was running between \$180 and \$200, compared with the "legal" fare of \$322 charged to the traveler. The agent pockets the difference.

The International Air Transport Association has a team of investigators who are supposed to check periodically on members of the association, and some are caught. Last fall, OSA, the Czech airline, was accused by the association of systematically selling New York-to-Amsterdam economy-class tickets for as low as \$219, or 32 percent under the established fare of \$466. The Czech airline was heavily fined.

commission costs, and therefore dominate the market even more.

Finally, it is said that the smaller, independent brokerage firms will eventually be driven out of business or taken over by the institutional giants and that this will reduce the number of firms available to serve public investors and produce an oligopoly in the securities industry.

In the public interest, the SEC believes that institutional membership in the public interest, and its president, Richard W. Wright, said that the federal agency has the power to force the regional boards to comply with its directive.

"The courts have told us that money managers have the fiduciary obligation to reduce their costs. What better way is there for them to meet that obligation than by establishing their own broker-dealers?" he asks.

The opening round of what may be a struggle for survival, the P-B-W has come out in opposition to the Securities & Exchange Commission, the New York Stock Exchange and many of the powerful and influential figures who call the shots in the securities industry.

Bar to Bigness

The P-B-W believes, in effect, that any financially sound broker-dealer in securities should be permitted to belong to the exchange. The SEC and the Big Board disagreed. They think that mutual funds, insurance companies and other big institutional investors should be barred from funneling brokerage business through their own brokerage subsidiaries.

The Philadelphia exchange, however, has welcomed such business with open arms. Brokers affiliates of no fewer than 46 institutions, mostly insurance companies and mutual funds, now own seats on the P-B-W. These 46 firms have been accounting for at least half the total volume of stock trading on the exchange.

Why? Because most of them were established as vehicles to avoid the system of fixed commission charges levied by members of the Big Board. Why pay a non-affiliated brokerage firm a sales commission to have stocks bought and sold, they reason, when you can recapture that sales charge by channeling your buying and selling through your own brokerage subsidiary?

Inflated Importance

As a result, this small exchange's importance has grown far out of proportion to the amount of business it does. In a good month, the P-B-W will trade more than 13 million shares, as it did in January.

The Big Board often trades that much in several hours, but it fears that, if the trend continues, more and more trading will be shifted to places like Philadelphia. This, it contends, will so fragment the market that the realistic pricing of securities, reflecting the full forces of supply and demand, will be impaired.

The NYSE also argues that the brokerage business probably will become dominated by huge financial institutions if they continue to join exchanges that this will put even more economic power at the disposal of already powerful enterprises, and that, ultimately, small investors will have no chance trading against the institutional giants.

It is also suggested that institutions with brokerage affiliates would increase their trading, because of their ability to avoid

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## Regional Mart Battles Oxy Posts '71 SEC Membership Rule Net Loss of \$67 Million

By Clare M. Reckert

NEW YORK, Feb. 21 (NYT)—Occidental Petroleum Corp., reported over the weekend that its net loss in 1971 totaled \$67 million and that cash dividends on the common stock will be 1.00 penny suspended. In 1970, the company had a net profit of \$175 million, or \$3.92 a share.

Last year's loss is after a charge of \$88 million for the emergency tanker fleet. The charge, which included a reserve of \$65 million for possible future losses, resulted in an operating loss of \$63 million before extraordinary charges totaling \$10 million.

Operating profit before tanker and extraordinary charges was \$10 million, according to the report.

The emergency tanker fleet was created in late 1970 and early 1971 to provide additional capacity against a possible shutdown of production in Libya.

While some losses from fleet operation were incurred by the end of the 1971 third quarter, the company said it anticipated that the worldwide tanker market would improve in the 1971-72 winter season.

Tanker rates had improved temporarily, but a warm winter in Western Europe and an economic slowdown led to an oversupply of petroleum products with distress prices in heating and fuel oil, the report said.

Results last year were also adversely affected by an industry-wide strike that shut down the company's coal operations for almost seven weeks in the fourth quarter, with an estimated impact on profit of \$11 million.

Depressed petroleum prices in Europe in the second half of the year, lower Libyan production and poor results from domestic chemical operations were also cited.

Allied Chemical Fourth Quarter 1971 1970 Revenue (millions) 331.33 320.68 Profits (millions) 13.57 13.75 Per Share .050 .058

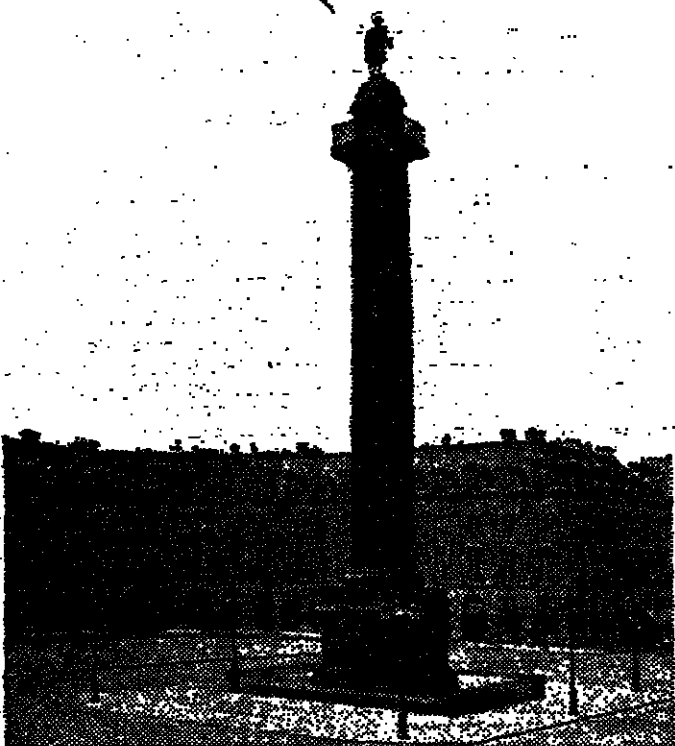
Revenue (millions) 1,225.89 1,218.48 Profits (mill







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## Bankers Reject Euroslump as Myth

(Continued from Page 15)

analysts who are concerned that the German slowdown may be too mild to have much effect on inflation.

● Sir Frederic Seebohm, vice-chairman of Barclays Bank, predicted that the 1971 U.K. recession (the economic paralysis resulting from the coal strike to the contrary notwithstanding) had reached its trough. Signs of inventory accumulation were appearing, he said, which, when coupled with the improvement in productivity that had taken place, should bring corporate profits snapping back sharply.

The only serious dissent to this generally bullish view was heard in Amsterdam, where central banking officials expressed great concern about the severity and duration of the squeeze on profits in the last two years that has been caused by wages rising much more rapidly than productivity.

The downturn in profitability has so clouded the corporate outlook, they argued, that for the first time since the war there was a broad reluctance among leading businessmen to spend for new plant and equipment.

However, in Germany, which because of the size and dynamism of its economy has a major influence on the business trend all over the Continent, the forecast is not so cautious.

It is true that German industry is suffering from a host of problems—not the least of which is a serious decline in profits—but analysts see a number of major factors at work to turn the economy upward, especially in the second half.

Substandard Growth Seen  
For 1972, real economic growth (total output measured in deutsche marks of constant purchasing power) is expected to be about half the 4 percent rate considered here to be "normal."

But this performance is expected to be the result of a very slow first half and a much more vigorous second. Furthermore, a 2 percent rate of growth in real output, if it were achieved, would be about twice what many German forecasters expected only six or eight weeks ago.

Staff economists at the Bundesbank cite four major factors as likely to provide upward thrust:

● Government stimulation. In the year ended last June, the government collected—roughly 8 billion DM in the form of a special 10 percent income tax surcharge. But by law the surcharge must be repaid to the taxpayers no later than March of next

## Inflation Held Bigger Problem

year. This repayment is likely to come this summer and at the same time the government is also readying a special 2.5 billion-DM program to finance additional public investment.

● Housing. In part as a hedge against rapidly rising prices, Germans have been rushing to buy new houses with the result that at the end of last year Germany, with a stable population, had one million new housing units under construction, by far the highest total in its postwar history.

● Capital spending. Rising output should absorb the slack of unused industrial capacity in

relatively short order so that by year's end a new boom in plant and equipment outlays could develop.

● External demand. Economic recovery, especially in the United States and Britain, should spur the demand for German exports.

The sum of these factors leaves some high officials in the Bundesbank with the uneasy feeling that Karl Schiller, Minister of Finance and Economics, may be getting ready to jump into the economy with new stimulation "at a far too early stage."

The trade unions, these officials argue, "do not see any reason to be particularly reasonable" in their wage demands since they, too, can see a marked economic pickup coming in the second half of 1972.

## Panel Urges IMF Powers To 'Fine' Offending Nations

By Edwin L. Dale Jr.

WASHINGTON, Feb. 21 (NYT).—A panel of economists, lawyers and government officials recommended yesterday that in a reformed world monetary system the International Monetary Fund be given powers to penalize nations that refuse to abide by internationally agreed recommendations on their economic policy.

The panel, sponsored by the American Society of International Law, proposed a formal amendment to the IMF's articles of agreement, spelling out carefully safeguarded procedures that could lead, in the end, to sanctions against nations whose policies, or wrongly valued currency exchange rates, were deemed to be damaging the international economy as a whole.

The sanctions, in the case of a country with a chronic balance-of-payments surplus, could take the form of a tax imposed by all other countries on imports from the offending country. Or the IMF could exact a "fine" in the form of a deduction from the country's monetary reserves, particularly special drawing rights.

In the case of a country in chronic deficit, needing to devalue its currency, the sanctions could be a cutoff of all credit, from the hard dollar and the member countries. The country could also be allowed to use temporary import restrictions and export subsidies.

Under the proposed system, a country could be requested to "float" its currency and eventually the new international review body proposed in the report could specify the new exchange rate at which the currency should be fixed.

The report said: "It is undoubt-

## Transatlantic Air Business A 'Jungle'

### Charters, Scheduled Lines Break Rules

(Continued from Page 15)

schedule—and on the other, 32 lines from seven countries that fly only charter flights. The latter group uses modern jets and scheduled airlines, but instead of selling to individual passengers, they charter an entire plane (usually with from 180 to 250 or more seats) to a travel agent, union, professional society or other organization.

Rates on charter flights often run half as much as those on scheduled trips, reflecting the fact that most seats are paid for. Scheduled flight fares reflect the fact that about half the seats fly empty the year around.

Industry sources say the inter-nation airlines war has heated up this winter for the following reasons:

● The failure of finding scheduled airlines—in their stop-gap agreement that averted the threatened price war—to come up with a low individual fare competitive with charter rates during the peak summer season, or to simplify their complex fare schedules.

● Over-capacity problems are growing. Three new non-scheduled airlines—two from Yugoslavia and one from Lebanon—have received approval to fly the route since last summer. Applications from six other charter and one scheduled airlines are pending before the CAB.

● Next summer charter airlines for the first time will be able to tap the fare-reducing potential of jumbo jets. Two charter lines—Universal of the United States and Concorde of West Germany—will fly Boeing 747s with as many as 500 seats over the Atlantic.

Once-unfamiliar and untried charter airlines are gaining broader recognition and acceptance as the public learns that their jets and their safety records compare favorably with those of more widely advertised scheduled lines.

● High-volume tour companies such as American Express have begun to divert business from scheduled lines to charter lines.



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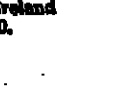
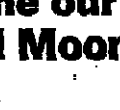
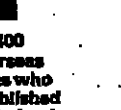
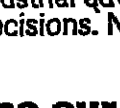
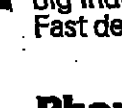
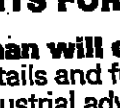
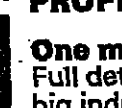
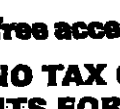
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Assets of \$7.7 billion, 120 years experience, offices throughout the world, and other facts you should know about Wells Fargo Bank:

Consolidated Statement of Condition, December 31, 1971	
Assets	
Cash and Due from Banks	\$ 947,452,552
Time Deposits in Foreign Banks	518,450,244
Investment Securities:	
U.S. Treasury Securities	385,672,594
Securities of Other U.S. Government Agencies and Corporations	141,879,981
Obligations of States and Political Subdivisions	788,248,987
Other Securities	49,425,938
Total Investment Securities	1,325,223,510
Trading Account Securities	108,181,798
Funds Sold	90,155,000
Loans	4,469,028,834
Direct Lease Financing	43,787,863
Bank Premises and Equipment	112,994,244
Customers' Acceptance Liability	50,729,885
Accrued Interest Receivable	57,571,774
Other Assets	62,105,598
Total Assets	\$7,785,684,222
Liabilities and Capital	
Demand Deposits	\$2,219,717,903
Savings Deposits	1,681,229,777
Savings Certificates	832,831,830
Certificates of Deposit	289,314,510
Other Time Deposits	624,527,740
Foreign Deposits	856,828,421
Total Deposits	6,384,550,181
Funds Borrowed	687,911,316
Mortgages Payable	19,715,296
Acceptances Outstanding	50,729,885
Accrued Taxes and Other Expenses	40,153,862
Reserve for Unearned Discount	55,583,157
Other Liabilities	63,733,453
Total Liabilities	7,313,377,179
Reserve for Loan Losses	73,384,587
Capital Accounts	
Borrowed Capital:	
4 1/2 % Capital Notes due 1989	50,000,000
Total Borrowed Capital	50,000,000
Equity Capital:	
Capital Stock—\$10 par value, authorized 12,000,000 shares, outstanding 9,293,409 shares on December 31, 1971	92,934,090
Surplus	180,678,440
Surplus Representing	
Convertible Capital Notes Obligation Assumed by Parent Corporation	25,062,700
Undivided Profits	70,247,232
Total Equity Capital	348,922,462
Total Capital Accounts	398,922,462
Total Liabilities and Capital	\$7,785,684,222

Investment securities aggregating \$839,679,081 on December 31, 1971 were pledged to secure public deposits, trust deposits and other deposits as provided by law.

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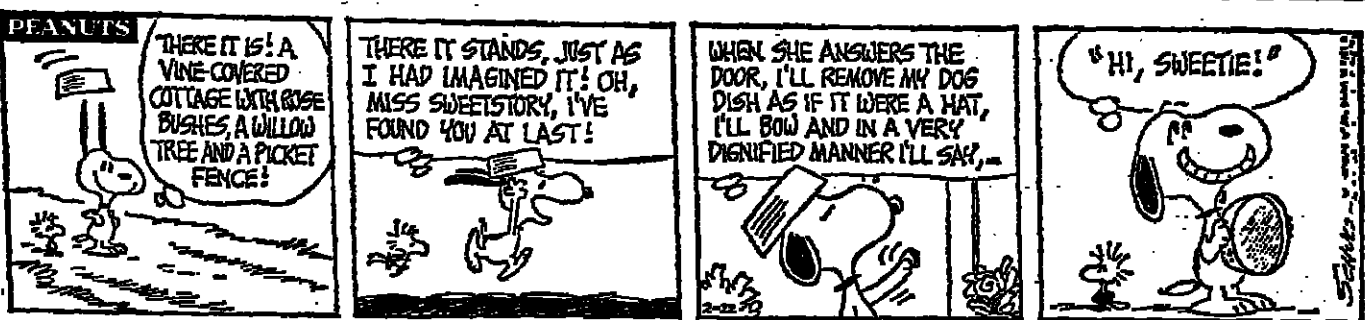
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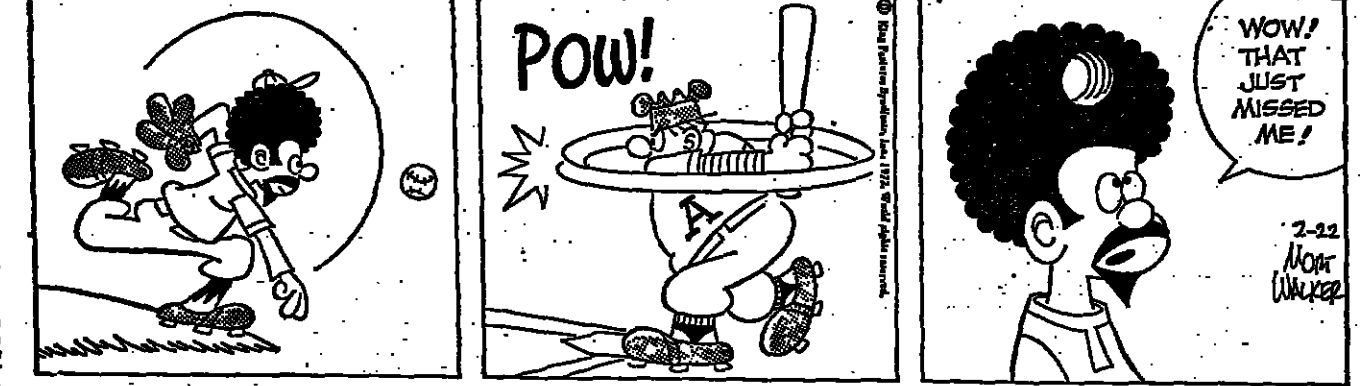
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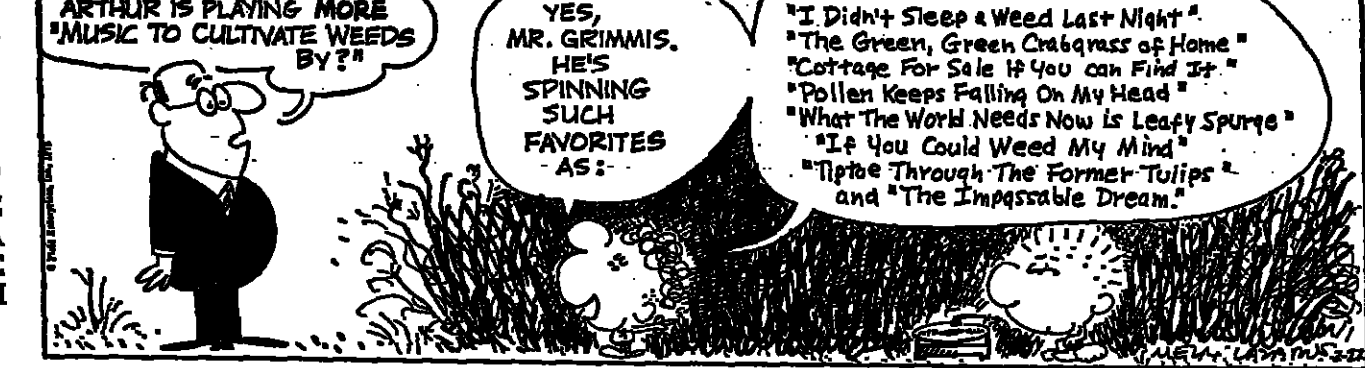
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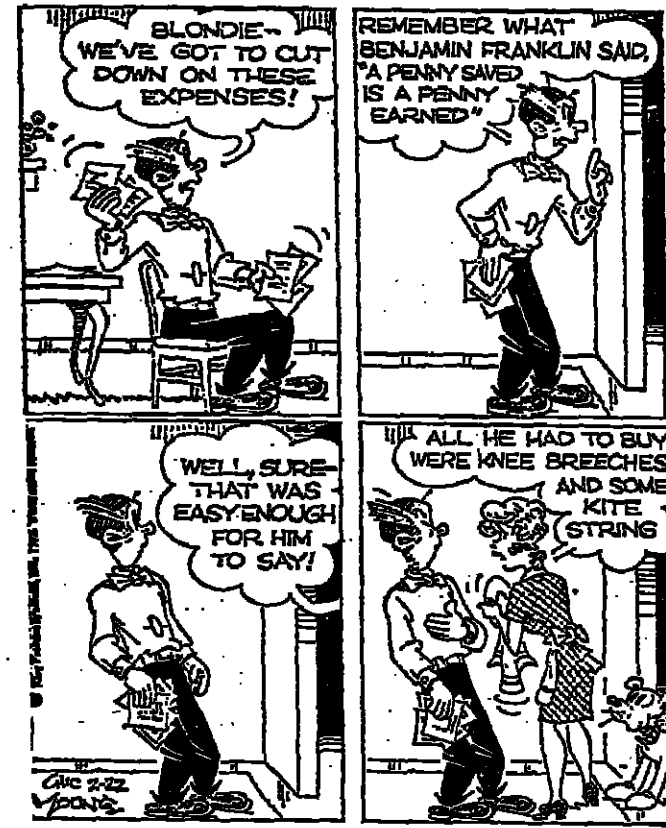
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BLONDIE



BRIDGE

By Alan Truscott

The diagramed deal offered an unusual opportunity for suit-preference signaling. South's opening bid was two no-trump, appropriate whether he was using the traditional 21-24 point range or the modern 21-22, now customary in tournament play.

North raised to three no-trump, and was lucky in finding his partner with four clubs. The partnership was unlucky, however, in hitting the one distribution of the opponents' aces that allows the contract to be defeated. Declarer can succeed only if the defense goes off the track.

West had an obvious spade lead, and South's best move was to win with the king or the queen in the closed hand—the ace would have made it easy for East to figure out that South must also have at least the king. However South's choice of spade winner hardly mattered: West was immediately aware that the spade suit offered no hope when East played the spade ten. His partner's play denied the possession of a high honor because West could see the jack in his own hand.

With four hands in view, it is easy to see that the defense can take five tricks if East shifts to the diamond queen when he wins his club ace. But how can he know whether to shift to diamonds or hearts?

The answer is he must give his partner an opportunity to convey as much information as possible—then interpret it correctly. He must hold his club ace until the third round not because he can shut out the clubs—he knows that is impossible when West fails to follow to the second round—but because he wants to see two discards.

The fact that West parts with spades makes it clear that he has given up hope of running that suit. And when he plays the two and the four East should understand that the lower side-suit diamonds, is wanted. If West wanted hearts, he would discard the nine and jack of spades. On this basis, with partnership cooperation, the winning shift to the diamond queen becomes a clearcut choice for East.

NORTH	EAST
♠ 773	♠ 10
♥ 106	♥ 97542
♦ 943	♦ QJ7
♣ K7632	♣ A54
WEST	SOUTH (D)
♠ 396542	♠ AKQ
♥ Q8	♥ QAK3
♦ A1052	♦ K86
♣ 10	♣ QJ98

Both sides were vulnerable.

The bidding:

South West North East

2NT Pass 3NT Pass

Pass Pass

West led the spade five.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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DENNIS THE MENACE



**JUMBLE**—that scrambled word game!

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

VETEN

HORCI

HAITEL

CHECIT

Print the SURPRISE ANSWER here

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

(Answers tomorrow)

Yesterday's Jumble: CHIEF LIMIT IGUANA BARIUM

Answer: Squads like a crime in China—A CLIMB

BOOKS

THE DOUBLE-CROSS SYSTEM  
In the War of 1939 to 1945

By J. C. Masterman, 203 pp. Yale. \$5.95.

Reviewed by Thomas Lask

A casual thumb-through of Sir John Masterman's book would fix it as a bare-bones study of one part of the espionage business in World War II: the control of German agents operating in England. The book is spare, absolutely free of histrionics, impersonal, with the calculated detachment of a primer, which it is. Predictably it is also free of cinematic hyperbole and of that personal intrusion found in current books on espionage that make the author's effort in writing the book the equal of the most hazardous exploit in it. Sir John worked with the counter-espionage organization that he is analyzing, and he wrote it in 1945, immediately after the events described herein. It was intended as a history of this branch of the service, complete with successes and failures and what could be learned from both. No event was blown up by what was later discovered from history. For obvious reasons, the book was classified at the time of its writing, and only now has the British government released it for common consumption.

It has been de-personalized to a fault. Each happening becomes a case illustrating principles worthy of subsequent note. It is hard, therefore, for the average reader to find the individual behind "Carbo" or "Tricycle" or "Snow." Some of the incidents are so dramatic, such as the one in the later stages of the war in which the Germans were persuaded that their V-1 and V-2 bombs had overshot their targets, that one would like to read a step-by-step account of what questions were received from the Germans, what answers were sent and how the results took shape.

How dramatic the events really were can be gathered from the extended account of one of them in Sir John's memoirs, "The Man Who Never Was" (1953), which told how a corpse was washed ashore in Spain carrying documents purporting to show where the next Allied invasion in the Mediterranean was to take place. And it would have been very pleasant to have had a little more of the author in the book. He has kept himself so thoroughly out of this memoir that it is impossible to learn anything about him and impossible to share the rise and fall of his feelings in expectations fulfilled or hopes dashed.

Nevertheless, in spite of such lengthy digressions, these bones live, and it is not likely that the book will be easily matched in telling how this operation truly was. There are no absolutes in the book. It is full of nuances, shadows, possibilities. Those in charge were continually skeptical, weighing and balancing to the last ounce. They had to think as Englishmen, as Germans, and as the agents in between. Sir John remarks that the man in control of a particular agent had to get inside the skin of the man he was directing. A large area of frightening supposition was involved, and it was not easy to check on results.

The aim of Sir John's group was to control the agents Ger-

many had sent to Britain. This was not the same as destroying them. The idea was to locate them—evidently not a very hard thing to do—then to turn them around and use them for British purposes. Thus England could learn how the German espionage system worked, who its members were, what information it sought and what could be gathered about their intentions from their questions. It was possible to tell, as the war went on, that the Germans had changed from the offensive to the defensive in their thinking, from the invasion of Britain to the defense of French shores. Conversely, when confidence had been built up among the Germans, it became possible to send false information. The whole business of deception, as the author tells it, was one of the effective though quiet victories of the war.

All of this activity demanded enormous sophistication. The information the Germans asked for was concrete and exact. The English replies had to be equally so. The problem was to provide believable answers to the Germans without really giving anything away. The agents were a motley group and always a brittle element. Some were loyal to England and were masterly in their work; others were unstable and only spottily valuable. An ever-present danger was that some bits of information wouldn't jibe and the agent might be "blown" to use Sir John's own phrase. He discovered later, and he cites it as one of the mistakes of the German Abwehr, that too many German officers began to have vested interests in their spies and lost that critical objectivity that was a necessary ingredient in such an undertaking. In some cases it seemed almost impossible for the British to destroy the credibility of the agent to his German master.

Every reader will be fascinated by the foresight and planning that went into the creation of this deception. It was found to be wise, for example, to feed enormous information to the Germans by hits and pieces rather than by a massive deluge through one man. It was startling to read that, as far back as 1943, the Germans were asking about American atomic research. And one realizes too that the book is not a story of fanciful derring-do, when the author mentions that some agents were executed after they were caught, because even then the world would not have believed that even one of their men had gotten through.

During the war, the English published a number of monographs, accounts of various actions in which their military services were involved. I recall these papers, especially the ones dealing with sea warfare, as among the finest chronicles I read at the time, superbly written and maintaining an attractive balance between the heroism of the action and the cool tone of the telling. Sir John's book reminded me of those monographs. It belongs with the best of them.

Mr. Lask is a New York Times staff book reviewer.

CROSSWORD

By Will Weng

**ACROSS**

1 Pony  
5 Native of Oman  
9 Prepare  
14 Wallpaper  
15 Memory, for one  
16 Venus  
17 Eastern capital  
18 Aromas  
20 View  
21 High-spirited  
23 Horror-film  
25 Round  
26 Meat piece  
28 Sea eagle  
32 Battery plates  
33 Ready for a party  
37 Old English coin  
38 Atmosphere  
39 Dice throw  
40 Agency of 30's  
42 Modern lady  
43 Dress sizes  
45 Inclines  
50 Canning look  
51 Spinnakers, etc.  
54 Show  
58 Offer one's services

**DOWN**

1 Genre  
2 Cowboy's locale  
3 Hidden  
4 Certain caps  
5 I love Lat.  
6 Miff  
7 Excuse  
8 Naval man  
9 Extend  
10 Letter  
11 Kind of gin  
12 Gull's relative  
13 Formerly, old style  
18 Equals  
22 Code name of N.Y. airport  
62 Family members  
63 Approach Fr.  
64 Symphony hall  
65 Concern  
66 Cosmetic  
67 Hew round  
68 — fix  
69 Ceremonial dinner  
70 Style  
71 British tax

**Joint**

27 Correct  
28 Exhausted  
30 Deserve  
31 Depots: Abbr.  
32 Small lumps  
33 Canadian rebel of 1800's  
34 Therefore  
35 Sound of disgust  
36 N.Y. player  
37 Very, in Paris  
43 Rapid rise  
44 Wander around  
46 Pours  
47 Inconsistent  
48 Pose  
49 Slightest  
50 Dry-plaster  
51 pairing  
55 Chemical compound  
56 Tempus  
57 Letters  
58 Deviations: Abbr.  
59 Musical instrument  
60 Gavel  
61 Kind of horse  
62 Process: Suffix

1 2 3 4 5 6 7 8 9 10 11 12 13  
14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31  
32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57  
58 59 60 61 62 63 64 65 66 67 68 69 70 71



# Scores 3 Knockdowns Griffith Easily Defeats Kechichian on Points

By Bernard Kirsch

PARIS, Feb. 21 (UPI)—Emile Griffith easily convinced everyone that he wasn't in the ring alone tonight because somebody kept hitting the canvas and it wasn't Emile.

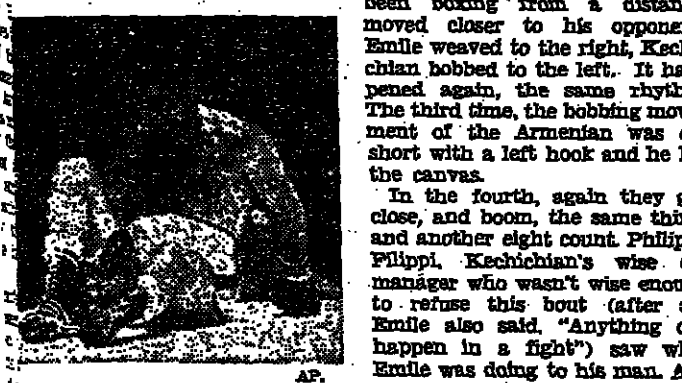
The former middleweight and welterweight champion put on an artistic, if not quite solo, performance at the Palais des Sports, which recently housed the Men's Olympic Games. But it was Griffith's precision and cool handwork against a courageous but outclassed Jacques Kechichian that won him a unanimous 10-round decision.

A professional pugilist for 15 years, three times the welterweight and twice the middleweight champion of the world, Emile continued his argument, the incontestable super-welterweight champion of France. He had Kechichian going the wrong way in the third round, and Kechichian walked into a left hook and his deck.

He did it again in the fourth, and there was an encore in the eighth for the third knockdown of the night.

Every time, though, Kechichian, an Armenian living in Paris, got up and the sell-out crowd of 500 murmured, "What courage he has." It was something anyone who had seen him in his previous 24 fights knew, but now he had a cut face to go with his courage. He also had his third loss.

Griffith was a winner for the 34 time; he has lost 12 and had



Jacques Kechichian... losing picture.

## New Discussion On Chess Sites Set for Moscow

AMSTERDAM, Feb. 21 (AP)—A new consultation about the chess match between Boris Spassky of the Soviet Union and challenger Bobby Fischer of the United States will be held in Moscow on March 2 and 3, the secretary of the World Chess Federation announced here today.

Commenting on a Russian protest against the decision of FIDE president Dr. Max Euwe to share the match between Belgrade and Reykjavik, the secretary said that although according to FIDE rules the decision could only be reversed by the FIDE congress, he was prepared to discuss the issue on the next meeting of the FIDE board in Moscow.

The Russian Chess Federation, which represents world champion Spassky, expressed its protest in its press release. It said that the decision to hold the match in Belgrade and Reykjavik could be against FIDE regulations, the secretary said in an official statement.

## McDaniels Makes a 90-Second Debut In the NBA as Seattle Wins Again

SEATTLE, Feb. 21 (AP)—He lasted only the last minute and half of the game and missed his only shot but took in his first NBA game as Seattle's 21-point rookie, Jim McDaniels, led the SuperSonics to a 109-105 victory over the Los Angeles Lakers.

The former Carolina Cougar star rookie left the ABA team and signed a six-year contract with Seattle last Friday for a reported \$1.5 million. Both the Cougars and the SuperSonics have their seasons on the verge of a playoff berth.

At least until then, however, Seattle has the big man in its backcourt and a playoff berth in the Pacific Division.

Although McDaniels' performance was limited, guard Lenny Wilkens and Dick Snyder put in full nights work, combining for 11 points to lead the SuperSonics to a 109-105 victory over the visiting Portland Trail Blazers.

It was the Sonics' seventh straight success.

Cavaliers 111, Knicks 108.

Reversing a pattern that ought to be a dramatic victory, Chicago three nights before, New York squandered a 21-point advantage and lost to Cleveland 110-109, before a jubilant crowd of 17,747 at Cleveland Arena.

The feat snapped a six-game Knicks losing streak.

In addition, it marked Cleveland's first victory over New York since the Cavaliers entered the league last season. In four games during this campaign, the Cavaliers were always second best.

Bucks 118, Bulls 100.

Kareem Abdul-Jabbar scored points, 16 in the fourth quar-

# Money Tale of 2 Athletes: Riches for Chones, Bitterness for Blue

'When the college recruiters came, the stink from the dead rats in the hollow walls embarrassed me.'

By Dave Anderson

NEW YORK, Feb. 21 (UPI)—In the paneled conference room of the Milwaukee law firm of Cahill, Fox and Smith one night last week, the only 6-foot-11-inch political science junior at Marquette University leaned down to sign a contract that had been arranged with the New York Nets after several hours of negotiation.

"And when I signed it," Jim Chones said later, "I heard angels singing and water running off a mountain."

He looked around at his attorney, Eugene Smith; at Roy Boe, the Nets' owner; at Bill Skahan, the Nets' attorney.

"I got to go," he said quickly. "I got to go home right now. I got to tell everybody at home all about this."

He drove to nearby Racine, Wis., in a white Camaro that he often borrows from his best friend, Sylvester Harris, a 26-year-old Racine policeman. He doesn't own a car. He often rides the bus, \$1.15 one way, from Racine to the Marquette campus. His mother has a car, but she uses it to get to work at the Hub Restaurant, where she makes salads. But when her oldest son packed outside the old green wooden house on Edgewood Avenue, her four daughters and other sons were asleep. He woke up everybody except 11-year-old Sylvia.

"He just put the contract on the dining room table," Mrs. Maxine Chones recalled. "My prayers had been answered."

The following morning, when Sylvia learned of the contract, it was her turn to announce it throughout the household.

"Bunny signed a contract," she said, her nickname for her brother's middle name, Barnett. "We rich. We rich."

Ever since J.W. Chones, a foundry worker, died two years ago, his widow has struggled to keep her three children together. Another son might've ignored his mother's struggle, but Jim Chones didn't. Nearly a year ago, another American Basketball Association team had offered him \$25,000 in a five-year contract.

"I told Jim to wait, that it'd be doubled," Al McGuire, the Marquette coach, remembered. "And he almost got it tripled."

From that, it would appear that the Nets assured Chones about \$1,500,000 over five years in what Boe describes as "real money"—cash, not stock, not annuities, not gimmicks. Portland, Buffalo and Cleveland of the National Basketball Association had bid for him. So had another ABA team. Unlike other college basketball players who chose to sign secretly in order to maintain their eligibility, such as Howard Porter of Villanova last year, Chones signed openly, terminating his college career immediately, although he can't join the Nets until next season.

"I wanted to get it over with," he explained. "My being the oldest, I had a commitment to my family. Ever since I turned down the offer last year, I questioned myself. I thought, suppose I break my leg, who'll take care of me, who'll take care of my family? Growing up, the worst thing was seeing my father always trying, but never making it. We were bankrupt five or six times. We had to spray our house for roaches, sweeping 'em up in a pile. When the college recruiters came, the stink from the dead rats in the hollow walls embarrassed me."

He doesn't have to be embarrassed any more. But his new commitment is to fulfill his potential as a basketball player and to complete his credits for a college degree.

"It's not going to be instant coffee," Al McGuire predicted. "It'll take a couple years, but it's there. He's got the ability to turn a pro club around. And he's got to get his degree. We don't run a basketball team. The degree is the thing here. That's why you go to college. He'll finish at a Long Island (N.Y.) college, I guess. It's important for him to finish. Important for other black kids to see him finish. He will. Jim Chones is a good person."



Jim Chones... tall order.



Vida Blue... money pitch.

I won't trade him and I won't sell him. Either he accepts what we have offered or he's through in baseball.

By Red Smith

NEW YORK, Feb. 21 (UPI)—Vida Blue, the brightest individual star in baseball last summer and the biggest single attraction in the American League, has been presented with a simple choice by the man who owns him: Either play for \$50,000 this year or get out of the game.

"I won't trade him and I won't sell him," Charley Finley, proprietor of the Oakland Athletics, has told the young pitcher's agent and attorney. "Either he accepts what we have offered or he's through in baseball."

This isn't the first time a baseball employer has threatened a hired hand. "Let him sit home and rot," is a cliché as old as the reserve clause and the holdout. Charley Finley is perfectly capable of cutting off his nose to spite his face, as Hawk Harrelson can testify. But what he is saying this time is that sooner than pay what he admits Blue is worth he would freeze out a 22-year-old who pitched a no-hitter breaking into the majors, led the team to a divisional championship with a personal best record of 24 and 4 and in his first big-league season won the Most Valuable Player award in the American League and the Cy Young Award as the best pitcher in baseball.

If Charley Finley can do that, then he has a death wish bigger than his Napoleon complex.

Sight hours of negotiation-by-fear in his employer's insurance office in Chicago left young Vida shocked but Robert J. Gerst, the Los Angeles attorney who represents him, was not impressed by Finley's ultimatum.

"BLUE"

"Charley," he said, "I do not believe that you would tear a million dollars into little pieces and scatter them over Michigan Avenue from your window on the 27th floor."

Because he had pitched a no-hitter and a no-hitter after joining the Athletics in late 1970, Blue's contract for his rookie season calls for \$14,750, slightly above the major league minimum. He has received a \$25,000 bonus when the A's signed him out of high school in Mansfield, La. When he blossomed as a star last summer, Finley bought him a blue Cadillac with "BLUE" on the license tags and gave him a credit card for gasoline. It was written that "the only thing lacking was a slice of watermelon."

Vida wanted to give the car back but was talked out of it. However, he did not conceal his anger when Finley suggested that he'd be willing to pay \$2,000 if Vida would adopt true as a middle name. The young man said Vida Blue had been his father's name and that he did honor to his father's memory every time he pitched.

This year Finley's opening offer was \$45,000, an increase of 300 percent. Gerst suggested \$115,000, close to 800 percent. Charley said \$50,000 and that was final.

"I asked him," Gerst reports, "if he could give any reason why Vida shouldn't get the average salary of the 10 best paid pitchers in the majors. Starting with Bob Gibson at \$150,000, Ferguson Jenkins and Juan Marichal, then Tom Seaver at \$120,000, Denny McLain, the two Perrys, Claude Osteen at \$75,000, Dave McNally and Jim Palmer, we estimated that an average figure would be around \$92,500. We offered to settle for that."

"Finley didn't give us any reason why Vida shouldn't get it. In fact, he admitted that Vida was worth it and said if he were in Vida's position he'd be asking the same. 'But,' he said, 'I won't pay it.'"

In 1970, Charley said the same thing to Reggie Jackson, who went into a fit of rage. Vida was just as angry when he heard it. Since our meeting in Chicago I've talked to Finley twice on the phone and written him two long letters. 'Charley,' I've urged him, 'don't make the same mistake you made with Reggie Jackson.'"

There is an interesting parallel between these discussions and Tom Seaver's bargaining with the Mets' Bob Scheffing. Seaver compared his and the team's victory totals over five years, took note of attendance figures and arrived at an asking price. Seaver's: \$1.5 million.

"We discussed the fact that a million fans paid to see Vida last year and the whole American League drew only 11 million. Here are the figures: League attendance was 11,870,504; in Vida's 39 starts, attendance was 908,422 for an average of 23,318; in 19 starts on the road Vida drew 530,000 for an average of 28,300, compared with the league average of 12,200; Oakland did 314,993 at home and 370,000 of these saw Vida's 20 starts. In August when Vida was named out in Baltimore, Charley was quoted the effect that it cost him \$30,000. He didn't deny it."

It has been written that other club owners are rooting for Finley, and that's probably true up to a point. That point would be reached when Charley told his lodge brothers they would have to get along without the box office appeal of the Most Valuable Player and Cy Young Award winner. They would then review the figures, noting especially how many millions the American League lagged behind the National at the gate. The telephone in Oakland would not stop ringing.

## Trio at UCLA Would Accept Offers From Pros

SEATTLE, Feb. 21 (AP)—Three members of UCLA's top-ranked collegiate basketball team—but not star center Bill Walton—have said they would sign professional contracts now if the price was right.

Senior guard Henry Bibby and junior forwards Larry Farmer and Larry Holtzfield made the statement after Marquette, the nation's No. 2 team, lost star center Jim Chones to the New York Nets of the American Basketball Association.

Bibby, the deadly outside shooter who has started on National Collegiate Athletic Association championship teams the last two seasons, said, "Sure, I'd sign if the money were good and the contract sound. What would be the sense in waiting?"

"Playing pro ball doesn't mean that much to me right now," Walton said. "I still need to improve my game..."

## Bruins' Phil Esposito Shows No Brotherly Love

CHICAGO, Feb. 21 (UPI)—Phil Esposito maintains that the team's last season's success was most in Chicago "because of its great goaltender." The reference is to his brother, Tony.

Maybe Esposito, who scored 76 goals last season and had the same number of assists, has deep family pride. But his personal pride must be deeper because he does well against his brother.

The Bruin center poked in his 50th and 51st goals of the season yesterday against Tony and assisted on Wayne Cashman's goal as the Bruins, the National Hockey League East Division leaders, posted a 3-1 victory over the Black Hawks.

The three points gave Phil the defending scoring champion, 103 points for the season, tops in the league.

When Esposito tied the game at 1-1 with his 50th goal and his 21st on a power play, he tied the NHL record for consecutive 50-goal seasons held by Bobby Hull of Chicago, who scored 52 and 53 goals, from 1966-67.

It was only the second home loss this season for the Bruins. Both were inflicted by the Bruins, who have lost only once in their last 21 games.

Bangers 4, Red Wings 3.

NEW YORK, Feb. 21 (UPI)—Jean Ratelle became the first

## Probation Likely For Thomas

GREENVILLE, Texas, Feb. 21 (AP)—Duane Thomas, Dallas Cowboy star running back, pleaded guilty today to a charge of marijuana possession and District Court Judge Hollis Garmon indicated he would put him on probation.

The judge added he did not have sufficient information at the time to make a ruling, but hoped to have it later today.

Thomas's brother, Bertrand, also pleaded guilty to the same charge. Garmon said he would withhold a ruling in that case until he received a pre-sentence report from probation authorities.

## 11-Year-Old Canadian Wins in Ski Jumping

STRAMBOAT SPRINGS, Colo., Feb. 21 (UPI)—Medi Zeneak, 11-year-old Canadian, won the 90-meter ski jumping event in the North American Nordic championships yesterday, edging fellow-countryman Peter Wilson.

Zeneak received 215.3 points with jumps of 91 and 94 meters. Wilson, 19, received 211 points with jumps of 82 and 91 meters.

## Calavados Ely: 27-28

JOE TURNER - LOS LATINOS

March 2nd, 1972, 10:00 PM

March 3rd, 1972, 10:00 PM

OPEN DAY AND NIGHT - Air cond.

## PARIS AMUSEMENTS

Théâtre des Champs-Élysées, Wednesday, March 1, 8 p.m. (Valentin-Olali)

ORCHESTRE NATIONAL DE L'ORT

Conductor Jean MARTINON

Soloist Maurizio POLINI

I. Ch. Bach - A. Händel - J. Haydn - F. Schumann - R. Schumann - B. Strauss

# Blancas Wins Golf In Playoff

Defeats Wadkins  
On First Hole

PHOENIX, Ariz., Feb. 21 (AP)—Homero Blancas' four-foot birdie putt on the first extra hole yesterday defeated Lanny Wadkins in a playoff for the \$25,000 first prize in the Phoenix Open golf tournament.

Blancas had missed a birdie attempt from about the same distance on the par-5 18th hole to give Wadkins a rookie on the tour, a second shot at his first tour title.

The miss also set up the fifth playoff in seven weeks on the tour this season.

Wadkins missed his birdie putt from 15 feet on the extra hole and Blancas sank his for his fourth professional victory, and his first since the 1970 Colonial.

Wadkins, 22, and playing his 13th professional event, gained the tie with a final-round 63 on the 6,641-yard, par-71 Phoenix Country Club course. He tied Blancas for 72 holes at 273, 11 under par, as Blancas had a 69 yesterday.

It was the second No. 2 finish in two weeks for Wadkins, who missed by a stroke last week in the Bob Hope Classic. Second place was worth \$14,300 yesterday.

Marty Fleckman closed with a 68 for third place at 274.

Tony Jacklin of England, tied with Blancas for the lead at the start of the fourth round, kept a share of the lead until he made a double-bogey 6 on the 11th hole. He also had a double bogey on the 17th, where he was disturbed by the cry of a baby. Jacklin finished with a 72 for 276.

LEADING FINISHERS

Homero Blancas, \$25,000 70-61-73-69-273

Lanny Wadkins, \$14,300 70-74-67-67-273

Marty Fleckman, \$4,800 71-70-70-71-272

Gene Littler, \$4,800 71-68-70-71-272

Tony Jacklin, \$4,800 70-68-72-72-272

Paul Hays, \$4,800 70-70-70-72-272

Jim Wiechers, \$4,800 70-70-72-70-272

Hubert Green, \$4,800 69-70-72-68-271

Sal Snider, \$4,800 70-70-70-71-271

Jerry Abbott, \$2,750 71-68-68-68-271

Steve Melnyk, \$2,750 71-72-67-68-271

Bob Dwyer, \$2,750 70-70-70-71-271

Dan Sikes, \$2,750 72-70-67-68-271

Richard Kurl, \$1,875 67-69-71-72-270

Bruce Devlin, \$1,875 67-70-70-73-270

## Frank Robinson Receives \$140,000 From the Dodgers

LOS ANGELES, Feb. 21 (AP)—Frank Robinson and Maury Wills signed their 1972 contracts yesterday with the Los Angeles Dodgers, a spokesman for the team said.

Robinson, 36, who came to the Dodgers from the Baltimore Orioles in an off-season trade, had sought a \$150,000 salary. The Dodgers at first offered him \$130,000 and raised the offer later to \$140,000.

A major leaguer since 1956, Robinson has been named Most Valuable Player by both the National and American Leagues. He will play right field for the Dodgers.

## The Scoreboard

SPRINGFIELD, Mass., Feb. 21 (AP)—Max (Marty) Friedman of New York, at 83 perhaps the oldest living star of basketball's early days, is one of six old-timers who have been named to the Naismith Basketball Hall of Fame.

The five others to be inducted April 20 are Paul Endicott, Ed Diddle, Eddie Gottlieb, Robert Douglas and Clifford Wells.

Friedman, only 5-foot-8, played early in the century and ended his playing career in 1927 with the Cleveland Rosenbushs.

Endicott was considered the greatest guard at the University of Kansas in the early 1920s. Diddle coached at Western Kentucky for 42 years. His teams won 750 games before he retired in 1964.

Gottlieb, who owned and coached the Philadelphia Warriors of the National Basketball Association, has been identified with the game for nearly 50 years.

Douglas owned and coached the New York Renaissance, a top Negro team of the 1930s. The team won 2,318 games during his 22 years as coach.

Wells, former head coach at Tulane, helped organize the Basketball Hall of Fame as executive director.

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